repeal of existing legislation beneficial to Spanish War veterans, their widows, or dependents; to the Committee on World War Veterans' Legislation.

9465. Also, petition of Martin J. Revens and 57 other citizens of Rhode Island, protesting against any reduction or repeal of existing legislation beneficial to Spanish War veterans, their widows, or dependents; to the Committee on World War Veterans' Legislation.

9466. By Mr. CULKIN: Resolution of the Harbor and Dock Commission of Oswego, N. Y., protesting against a grouping and consolidation of the various branches of the executive departments of the Federal Government; to the Committee on Expenditures in the Executive Departments.

9467. By Mr. DELANEY: Petition of the National Cooperative Milk Producers' Federation, urging the inclusion of dairy products in the pending allotment bill, H. R. 13991; to the Committee on Agriculture.

9468. Also, petition of the Shippers' Conference of Greater New York, protesting against certain items in Senate bill 4491; to the Committee on Merchant Marine, Radio, and Fisheries.

9469. By Mr. GARBER: Petition expressing approval of the stand of those who voted against the repeal of the eighteenth amendment and urging continued opposition to modification or repeal of the prohibition laws; to the Committee on the Judiciary.

9470. Also, resolutions passed by locals of the Oklahoma Wheat Growers' Association and other business interests in western Oklahoma, representative of the unanimous wish of the organized wheat farmers of Oklahoma, requesting the retention of the agricultural marketing act, except the stabilization feature, and urging the passage of adequate legislation extending the benefits of tariff to agriculture as embodied in the domestic allotment plan; to the Committee on Agriculture.

9471. Also, petition urging support of the railway pension bills, S. 4646 and H. R. 9891; to the Committee on Interstate and Foreign Commerce.

9472. By Mr. GIBSON: Petition of James L. Burke and eight other residents of Alburgh, Vt., protesting the administrative furlough affecting the Immigration Service; to the Committee on Immigration and Naturalization.

9473. Also, petition of Rev. Albert V. Fisher and 14 other residents of McIndoe Falls, Vt., favoring the stop-alien representation amendment; to the Committee on the Judiciary.

9474. Also, petition of C. E. Ayer and eight other residents of Richford, Vt., protesting against the administrative furlough affecting the Immigration Service; to the Committee on Immigration and Naturalization.

9475. Also, petition of A. H. Fuller and 55 other residents of northern Vermont, protesting against the consolidation of the customs border patrol and the immigration border patrol with the United States Coast Guard; to the Committee on Immigration and Naturalization.

9476. By Mr. HOOPER: Petition of residents of Battle Creek, Mich., and vicinity, urging favorable action on Senate bill 1079 and Senate Resolution 170; to the Committee on Interstate and Foreign Commerce.

9477. By Mr. LEHLBACH: Petition of William M. Bailey and other citizens, protesting against alien representation; to the Committee on the Judiciary.

9478. By Mr. LINDSAY: Petition of the Shippers' Conference of Greater New York, registering certain objections to the legislation contained in Senate bill 4491; to the Committee on Merchant Marine, Radio, and Fisheries.

9479. Also, petition of The Best Foods (Inc.), New York City, protesting against the Andresen amendment to House bill 13991; to the Committee on Agriculture.

9480. By Mr. ROBINSON: Petition signed by George C. Pashby, Route No. 5, Cedar Falls, Iowa, and 14 others, urging the passage of the stop-alien representation amendment to the United States Constitution to cut out the 6,280,000 aliens in this country and count only American citizens when making future apportionments for congressional districts; to the Committee on the Judiciary.

9481. By Mr. RUDD: Petition of The Best Foods (Inc.), New York City, opposing the Andresen proposed amendment to House bill 13991, advocating a tax of 5 cents a pound on oleomargarine and a tariff upon its ingredients; to the Committee on Agriculture.

9482. By Mr. SEGER: Letter from Rev. A. L. Kletz, pastor of First Methodist Episcopal Church, Passaic, N. J., urging passage of stop-alien representation amendment; to the Committee on the Judiciary.

9483. By Mr. SHREVE: Petition of A. J. Knightlinger, A. W. Dennis, and others, of Meadville, and Mary E. Rigby and others, of Titusville, Pa., urging the passage of the stop-alien representation amendment to the Constitution of the United States; to the Committee on the Judiciary.

9484. By Mr. SNOW: Memorial of Eureka Grange, No. 113, of Mapleton, Me., indorsing proposed Sparks-Capper stop-alien representation amendment; to the Committee on the Judiciary.

9485. By Mr. SPARKS: Petition of citizens of Northbranch and Burr Oak, Kans., and Guide Rock, Nebr., submitted by A. W. Cline, of Northbranch, Kans., and L. M. Jeffery, of Guide Rock, Nebr., and signed by 52 others, opposing any measure permitting the sale of beer or wine; to the Committee on the Judiciary.

9486. By Mr. STALKER: Petition of W. C. Adams and 85 other residents of Arkport, N. Y., urging support of the stop-alien representation amendment to the United States Constitution to cut out aliens and count only American citizens when making future apportionments for congressional districts; to the Committee on the Judiciary.

9487. By Mr. TAYLOR of Colorado: Petition of citizens of Kline, Colo., urging legislation for the remonetization of silver on a reasonable ratio with gold; to the Committee on Coinage, Weights, and Measures.

9488. By Mr. WYANT: Petition of citizens of Blairsville, Pa., urging support of the stop-alien representation amendment to the United States Constitution to cut out 6,280,000 aliens in this country, and count only American citizens, when making future apportionments for congressional districts; to the Committee on the Judiciary.

9489. Also, petition of citizens of Murrysville, Pa., urging support of the stop-alien representation amendment to the United States Constitution to cut out 6,280,000 aliens in this country, and count only American citizens, when making future apportionments for congressional districts; to the Committee on the Judiciary.

9490. Also, petition of citizens of Manor, Pa., urging support of the stop-alien representation amendment to the United States Constitution to cut out 6,280,000 aliens in this country, and count only American citizens, when making future apportionments for congressional districts; to the Committee on the Judiciary.

9491. Also, petition of citizens of Harrison City, Pa., urging support of the stop-alien representation amendment to the United States Constitution to cut out 6,280,000 aliens in this country, and count only American citizens, when making future apportionments for congressional districts; to the Committee on the Judiciary.

SENATE

WEDNESDAY, JANUARY 11, 1933

(Legislative day of Tuesday, January 10, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Black	Byrnes	Copeland
Austin	Blaine	Capper	Costigan
Bailey	Borah	Caraway	Couzens
Bankhead	Bratton	Carey	Cutting
Barbour	Broussard	Cohen	Dale
Barkley	Bulkley	Connally	Dickinson
Bingham	Bulow	Coolidge	Dill

Fess	Hull	Nye	Thomas, Idaho
Fletcher	Johnson	Oddie	Thomas, Okla.
Frazier	Kendrick	Patterson	Townsend
George	King	Pittman	Trammell
Glass	La Follette	Reynolds	Tydings
Glenn	Lewis	Robinson, Ark.	Vandenberg
Goldsborough	Logan	Robinson, Ind.	Wagner
Gore	Long	Schall	Walcott
Grammer	McGill	Schuyler	Walsh, Mass.
Hale	McKellar	Sheppard	Walsh, Mont.
Harrison	McNary	Shipstead	Watson
Hastings	Metcalf	Shortridge	Wheeler
Hatfield	Moses	Smith	White
Hayden	Neely	Smoot	
Hebert	Norbeck	Steiwer	
Howell	Norris	Swanson	

Mr. MOSES. I desire to announce that the senior Senator from Pennsylvania [Mr. REED] is absent from the Senate because of illness. I ask that this announcement may stand for the day.

Mr. FESS. I wish to announce the absence of the junior Senator from Pennsylvania [Mr. DAVIS], who is attending the funeral of the late Representative Kendall.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

CONDOLENCE ON DEATH OF FORMER PRESIDENT COOLIDGE

The VICE PRESIDENT laid before the Senate a cablegram of condolence on the death of Hon. Calvin Coolidge, a former President of the United States, from Hon. Alberto Barreras, president of the Senate of the Republic of Cuba, which was ordered to lie on the table and to be printed in the RECORD, as follows:

[Translation of cablegram]

To the honorable PRESIDENT OF THE SENATE OF THE UNITED STATES OF AMERICA, *Washington, D. C.*:

In the name of the Senate of the Republic of Cuba I beg to send you the expression of our sincere grief for the death of the Hon. Calvin Coolidge, which means a great loss to the American people. We Cubans can not forget that this austere patriot, while President, honored our native land by coming to Habana on the occasion of the Fourth Pan American Conference. The historic ties which bind Cuba and the great American confederation make us feel its griefs as our own. I pray you to bring this expression of condolence before the members of the family of the illustrious man who has disappeared.

Respectfully yours,

ALBERTO BARRERAS,
President of the Senate of the Republic.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution unanimously adopted by the annual mass meeting of the National Association for the Advancement of Colored People, at New York City, N. Y., favoring the prompt adoption of the resolution submitted by Mr. WAGNER (S. Res. 300) authorizing an investigation of labor conditions prevailing upon the Mississippi flood-control project, which was referred to the Committee on Commerce.

He also laid before the Senate a resolution adopted by the Governors' Southwide Cotton Conference, at Memphis, Tenn., on December 29, 1932, favoring the making of Federal loans to owners of occupied farms for the purpose of enabling them to pay taxes for at least two years on such farms in cases where money is not obtainable for such tax purposes from other sources, which was referred to the Committee on Agriculture and Forestry.

He also laid before the Senate a letter from Warren L. Morriss, of Topeka, Kans., inclosing a plan to solve the present farm, unemployment, and economic difficulties, which was referred to the Committee on Appropriations.

He also laid before the Senate a letter from Mrs. E. M. House, of Encinitas, Calif., relative to banking and financial matters, which was referred to the Committee on Banking and Currency.

He also laid before the Senate a letter in the nature of a petition from Neisa L. Hart, of Santa Monica, Calif., praying for the adoption of the so-called technocracy plan as a solution of present economic difficulties, which was ordered to lie on the table.

Mr. BLAINE presented memorials of sundry citizens of Wisconsin Rapids, Wis., remonstrating against the repeal of the eighteenth amendment of the Constitution or any modification of the national prohibition act, which were referred to the Committee on the Judiciary.

Mr. GOLDSBOROUGH presented the memorial of the American Temperance Society of the Seventh-day Adventists, of Tacoma Park, D. C., signed by 277 citizens of the State of Maryland and the District of Columbia, remonstrating against the repeal of the eighteenth amendment of the Constitution or any modification of the national prohibition act, which was referred to the Committee on the Judiciary.

Mr. VANDENBERG presented memorials of 3,559 citizens of the State of Michigan, remonstrating against the repeal of the eighteenth amendment of the Constitution or the repeal or modification of the national prohibition act, which were referred to the Committee on the Judiciary.

Mr. COPELAND presented a resolution adopted by the West Walworth Local Association of Dairymen's League Cooperative Association (Inc.), New York, favoring the revaluation of the dollar to a level more in keeping with that at which debts were contracted, which was referred to the Committee on Banking and Currency.

He also presented resolutions adopted by the New York Peace Society, of New York, favoring the prompt ratification of the World Court protocols, and the outlawry of war through the Kellogg-Briand pact by the adoption of a protocol or a subsidiary treaty providing for meetings of the signatories to the pact for consultation in the event of any breach or threatened breach thereof, etc., which were referred to the Committee on Foreign Relations.

He also presented the memorial of the Floral Park and vicinity Woman's Christian Temperance Union, New Hyde Park, N. Y., remonstrating against the repeal of the eighteenth amendment of the Constitution or the modification of the national prohibition law, which was referred to the Committee on the Judiciary.

He also presented memorials of sundry citizens of the State of New York, remonstrating against the passage of legislation to legalize the manufacture and sale of liquors with an alcoholic content stronger than one-half of 1 per cent, which were referred to the Committee on the Judiciary.

He also presented a resolution adopted by Blissville Unit, No. 727, the American Legion Auxiliary, Woodside, Long Island, protesting against the attitude of the National Economy League in respect to their proposal to reduce veterans' appropriations, which was referred to the Committee on Finance.

He also presented a resolution adopted by the Oswego (N. Y.) Harbor and Dock Commission, protesting against the proposed transfer of the jurisdiction of river and harbor work from the Corps of Engineers of the Army to the Department of the Interior, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Young Men's Board of Trade, of New York City, N. Y., favoring the maintenance of a merchant marine adequate to serve the best interests of the Nation, which was referred to the Committee on Commerce.

He also presented a resolution adopted by the board of directors of the Washington Real Estate Board, District of Columbia, stating "in recognition of the reduced income of the renting public of the District of Columbia, it recommends to the members of the board that they cooperate with each other and with the owners of rental properties in the District of Columbia to continue their efforts toward the equalization of rents that may apparently be inconsistent with each other and to reduce the rents as far as may be done consistent with the emergency of the times in recognition of the civic obligation that rests upon every citizen in the District of Columbia," which was referred to the Committee on the District of Columbia.

RETRENCHMENT PROGRAM OF NATIONAL ECONOMY LEAGUE

Mr. HARRISON presented a resolution adopted by Curtis E. Pass Post, the American Legion, of Water Valley, Miss., which was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

Whereas the National Economy League and its affiliated organizations have been and now are spreading unjust propaganda against the patriots who bore arms in defense of their country during the World War; and

Whereas the above organization, in a cruel, inhuman manner, proposes to cut over four hundred and fifty millions from veterans' appropriations and thus destroy at one stroke of the pen a just and fair relief system that has been built up through the years; and

Whereas, if the objectives of this organization are attained, widespread despair, suffering, and want will come to many thousands of broken and handicapped men; and

Whereas millions of dollars will be taken from thousands of towns and cities, bring tragedy and ruin, if this cruel proposal prevails: Therefore be it

Resolved, That the Curtis E. Pass Post, American Legion, of Water Valley, Miss., go on record as being bitterly opposed to the program of the National Economy League, and that we call upon the Senate of the United States to support the present order and to refuse to vote for any measure that would mean a reduction in the amount now paid officers, nurses, and men of the World War.

Done in regular business session of the Curtis E. Pass Post, American Legion, at Water Valley, Miss., this the 2d day of January, 1933.

Official.

C. C. STACY, *Post Commander.*
J. A. KENNEDY, *Post Adjutant.*

REPORTS OF COMMITTEES

Mr. BORAH, from the Committee on Foreign Relations, reported a joint resolution (S. J. Res. 229) to prohibit the exportation of arms or munitions of war from the United States under certain conditions, which was read twice by its title.

Mr. SHORTRIDGE, from the Committee on Naval Affairs, to which were referred the following bills, reported them severally with an amendment and submitted reports thereon:

S. 3171. An act to authorize the disposition of the naval ordnance plant, South Charleston, W. Va., and for other purposes (Rept. No. 1031);

S. 4135. An act for the relief of Douglas B. Espy (Rept. No. 1035);

S. 4230. An act for the relief of Betty McBride (Rept. No. 1032);

H. R. 2844. An act for the relief of Elmo K. Gordon (Rept. No. 1033); and

H. R. 8120. An act for the relief of Jack C. Richardson (Rept. No. 1034).

Mr. SHORTRIDGE also, from the Committee on Naval Affairs, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 2374. An act to authorize and direct the Secretary of the Navy to convey by gift, to the city of Savannah, Ga., the naval radio station, the buildings, and apparatus located upon land owned by said city (Rept. No. 1036);

S. 4445. An act authorizing the President to transfer and appoint Lieut. (Junior Grade) Arnold R. Kline, United States Navy, to the rank of lieutenant (junior grade), Supply Corps, United States Navy (Rept. No. 1037);

S. 4480. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Woman's Club of the city of Paducah, Ky., the silver service in use on the U. S. S. *Paducah* (Rept. No. 1038);

H. R. 1225. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Campus Martius Memorial Museum, of the city of Marietta, Ohio, the silver service presented to the United States for the gunboat *Marietta* (Rept. No. 1039);

H. R. 5786. An act for the relief of Essie Fingar (Rept. No. 1040);

H. R. 6637. An act authorizing the President to present a medal of honor to Richmond Pearson Hobson (Rept. No. 1041); and

H. R. 7385. An act for the relief of Sidney Joseph Kent (Rept. No. 1042).

Mr. CAPPER, from the Committee on the District of Columbia, to which was referred the bill (S. 5289) to authorize the Commissioners of the District of Columbia to reappoint George N. Nicholson in the police department of said District, reported it without amendment and submitted a report (No. 1043) thereon.

Mr. DILL, from the Committee on Interstate Commerce, to which was recommitted the bill (H. R. 7716) to amend the radio act of 1927, approved February 23, 1927, as amended (U. S. C., Supp. V, title 47, ch. 4), and for other purposes, reported it with amendments and submitted a report (No. 1045) thereon.

Mr. WHITE, from the Committee on Claims, to which was referred the bill (H. R. 3033) for the relief of Ida E. Godfrey and others, reported it without amendment and submitted a report (No. 1046) thereon.

Mr. FRAZIER, from the Committee on Indian Affairs, to which was referred the bill (S. 5234) to authorize an appropriation to carry out the provisions of the act of May 3, 1928 (45 Stat. L. 484), reported it without amendment and submitted a report (No. 1044) thereon.

SURVEY OF INDIAN CONDITIONS

Mr. FRAZIER, from the Committee on Indian Affairs, submitted a partial report (pursuant to S. Res. 79, 70th Cong., and subsequent resolutions) on irrigation and reclamation on Indian lands; Indian reimbursable debts; financial credit for Indians, and allotment system within Indian irrigation projects, with recommendations, which was ordered to be printed as part 4 of Report No. 25.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. DALE:

A bill (S. 5379) granting an increase of pension to Addie Richardson (with accompanying papers); to the Committee on Pensions.

By Mr. FESS:

A bill (S. 5380) granting an increase of pension to William W. Donaldson (with an accompanying paper); to the Committee on Pensions.

By Mr. McNARY:

A bill (S. 5381) for the relief of J. S. Mattes; to the Committee on Claims.

A bill (S. 5382) providing for an exchange of lands between the Colonial Realty Co. and the United States, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. McGILL:

A bill (S. 5383) granting a pension to Bryan W. McMains; to the Committee on Pensions.

By Mr. CAREY:

A bill (S. 5384) granting an honorable discharge to Willard Heath Mitchell; to the Committee on Naval Affairs.

By Mr. SHORTRIDGE:

A bill (S. 5385) granting a pension to Erie A. May; to the Committee on Pensions.

By Mr. AUSTIN:

A bill (S. 5386) granting a pension to Grace Goodhue Coolidge; to the Committee on Pensions.

A bill (S. 5387) granting a franking privilege to Grace Goodhue Coolidge; to the Committee on Post Offices and Post Roads.

By Mr. COPELAND:

A bill (S. 5388) to authorize the payment of taxes and assessments on family dwellings in the District of Columbia in quarterly installments, and for other purposes; to the Committee on the District of Columbia.

A bill (S. 5389) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. ROBINSON of Arkansas:

A bill (S. 5390) to meet the existing emergency in the agricultural industry, to provide new capital for agricultural development, to refund existing farm mortgages so as to provide long-term loans at lower interest rates, to

permit the repurchase of foreclosed farm lands, to amend and supplement the Federal farm loan act, to provide methods for the unification of the Federal farm-loan system, and for other purposes; and

A bill (S. 5391) to amend sections 13 and 19 of the Federal farm loan act; to the Committee on Banking and Currency.

AMENDMENTS TO TREASURY AND POST OFFICE DEPARTMENTS APPROPRIATION BILL

Mr. KING submitted an amendment intended to be proposed by him to House bill 13520, the Treasury and Post Office Departments appropriation bill, which was ordered to lie on the table and to be printed, as follows:

Add an additional section to the bill, as follows:
"SEC. —. That none of the appropriations contained in this or any other act shall be available to pay the salary of any employee of the United States appointed after the date of this act to fill a vacancy created by the death, retirement, resignation, or discharge of a civil-service employee in any of the departments, independent establishments, boards, commissions, and/or other agencies in the executive branch of the Government until the number of civil-service employees on the date of this act in the department, independent establishment, board, commission, and/or other agency making the appointment shall have been reduced 25 per cent."

Mr. COOLIDGE submitted an amendment intended to be proposed by him to House bill 13520, the Treasury and Post Office Departments appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 69, after line 24, to insert the following:
"Section 101 (b) is amended by striking out in the second proviso thereof the word 'five' and inserting in lieu thereof 'two,' so that the proviso as amended will read as follows: '*Provided further*, That no officer or employee shall, without his consent, be furloughed under this subsection for more than two days in any one calendar month.'"

Mr. JOHNSON submitted an amendment providing that all materials and supplies purchased by any department of the Federal Government, and all materials and supplies furnished by contractors doing work for the Federal Government, shall be produced within the limits of the United States, with certain exceptions, intended to be proposed by him to House bill 13520, the Treasury and Post Office Departments appropriation bill, which was ordered to lie on the table and to be printed.

FIRST DEFICIENCY APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13975) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1933, and for other purposes.

The VICE PRESIDENT. The Chair is ready to rule on the point of order.

On January 7, 1929, the House was considering a general appropriation bill. An item providing for refunding taxes illegally collected was reached, identical, with the exception of the amount to be refunded, with the item in the present deficiency bill.

An amendment was offered by Mr. BYRNS, adding at the end of the item the following:

Provided, That no part of the appropriation herein shall be available for paying any tax refund in excess of $75,000 which has not been approved by the Joint Committee on Internal Revenue Taxation.

Mr. Anthony made a point of order against the amendment on the ground that the present law did not require the committee to approve, and the approval of the joint committee was contrary to existing law.

After some debate, the chairman [Mr. LEHLBACH] said:

It is a well-known rule of the House that amendments which limit expenditures of money appropriated for a general purpose by excluding some specific purpose embraced in the general purpose are in order, but the rule is clear that such limitation to be in order must simply forbid the use of the money for a certain given purpose. It is the rule that anything carrying an affirmative, substantive change in existing law, that limits the functions or jurisdiction of an executive officer so drastically as to constitute a change of policy, or that imposes upon a governmental agency new duties not imposed upon it by law, is beyond the definition of a limitation and is, therefore, not in order. (CONGRESSIONAL RECORD, January 7, 1929, pp. 1314, 1315.)

Section 3220 of the Revised Statutes, as amended, provides the method of refunding taxes illegally or erroneously collected. The pending amendment of the Senator from Tennessee [Mr. MCKELLAR] is in conflict with this section, and is therefore not in order. The Chair sustains the point of order.

The bill is open to amendment. The Senator from Tennessee [Mr. MCKELLAR] has a motion pending to suspend the rules. Does the Senator desire to take up that motion at this time?

Mr. MCKELLAR. Yes; I think we might as well do so. I am not going to discuss the matter again. I merely wish to say that under the proposed amendment——

Mr. LONG. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Louisiana?

Mr. MCKELLAR. I yield.

Mr. LONG. I just want to get the parliamentary status. Has this matter been taken up by unanimous consent? Have we laid aside the Glass banking bill temporarily?

The PRESIDENT pro tempore. Yes.

Mr. LONG. May I ask the Senator from Tennessee just what it is that he proposes to do? I want to get the matter straight again.

Mr. MCKELLAR. If the Senator will allow me to do so, I shall be glad to tell him and other Senators, too; but, of course, I can not talk while I am being interrupted.

I want to read the proposed amendment. On page 13, line 3, after the word "each," insert the following:

Provided further, That no part of this appropriation—

That is, the appropriation of $28,000,000 carried in the bill—

shall be expended for the payment of any claim until the same has been approved by the Board of Tax Appeals.

Mr. President, we have a Board of Tax Appeals which at this time is not a busy board. The board has plenty of time to pass upon these claims for refunds. If the claims are submitted to the board, every taxpayer in the land will have a fair, proper, open, and aboveboard chance to have his tax matters passed upon. It is a worthy tribunal. So far as I know, it is a perfectly honest tribunal. There is no reason in the world why any taxpayer in the United States can not get justice before that tribunal. That is all that any taxpayer ought to want, and certainly all that any taxpayer ought to have.

Now, let us compare that with the present system. Under the present law the taxpayer does not know whether he has a fair chance or not. He does not know who passes upon his claim. He does not even know by whom the committee is appointed, in the first place, or who constitute the committee, in the second place. He does not know whether or not the facts are presented to that committee. It is done in secret; it is passed on in secret; the money is virtually paid in secret. Therefore, under the present system, the taxpayer has not a fair and impartial chance to have a recovery.

Mr. FLETCHER. Mr. President——

Mr. MCKELLAR. I will yield in a moment. If the case is submitted to the Board of Tax Appeals, then the taxpayer's business and the Government's business are transacted in the open, and the taxpayer has every right that he could ask to be accorded to him. His business is not transacted in secret; it is transacted in the open; the case is handled by a tribunal of experts, and surely it seems to me that such proceedings ought to be followed.

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Florida?

Mr. MCKELLAR. I yield to the Senator from Florida.

Mr. FLETCHER. I suppose in the case of these refunds the taxpayer was entirely satisfied with the action, and,

therefore, did not take any appeal. What about the Government? Has not the Government a right to appeal?

Mr. McKELLAR. Oh, no; the Government has no such right; that has been carefully guarded. For instance, suppose the Secretary of the Treasury objected to a refund because he thought it was improper or too large, or thought it was unwise, and wanted to appeal; he has said that he would not know of it until after the refund had been allowed. Suppose under those circumstances he wanted to appeal, he would have no right to appeal the case to the Tax Board; the Government has no right to take it to the Tax Board. It is only the taxpayer who has the right when a case is decided against him to take it to the Board of Tax Appeals.

Mr. FLETCHER. The Senator's amendment, as I understand, would give the Government the same right.

Mr. McKELLAR. It would require the taxpayer to submit any difference to the Board of Tax Appeals which has been set up by the Congress for the purpose of passing on such questions.

Mr. FLETCHER. I understand that position in a way, but, at the same time, I do not understand how it is that the Secretary of the Treasury accepts the report of subordinate officials allowing tax refunds without having the matter submitted to him.

Mr. McKELLAR. I am sorry I have not the testimony of Mr. Mellon, the testimony of Mr. Bond, the Assistant Secretary, the testimony of Mr. Blair, the Internal Revenue Commissioner at that time, and the testimony of a solicitor of the Treasury Department. The testimony of those gentlemen is all in the RECORD. I brought it to the attention of the Senate on a previous occasion, and I will refer to it again. All those gentlemen said that they did not have the time to pass upon these matters; that the checks were made out by some subordinate; they were sent up to their desks, and they approved them as a matter of course, without ever looking into the cases at all. That is the way the business of the Government is transacted.

Mr. FLETCHER. Then, the whole matter is determined by some officials in the service, and they decide that errors have been committed to the extent of millions of dollars about which nobody has any information except those who pass on the cases.

Mr. McKELLAR. Except those who pass upon the cases.

Mr. FLETCHER. Is not that a monstrous thing?

Mr. McKELLAR. I think it is the most monstrous thing I have ever known. I have been complaining of it here for nine years, but this is about the first time the Senate has ever really listened to me about it. I will say there was one other occasion they did, but ordinarily they just turn it down as a matter of course. They seem to have this kind of an idea: That by submitting these matters to the Board of Tax Appeals in some way we would take advantage of the taxpayers. That is not the purpose at all. It may be true that under the present system some particular-favored taxpayer has a better opportunity to get money out of the Treasury of the United States; I do not know how that is; but if we put it in the hands of the Board of Tax Appeals every taxpayer who has a just claim against the Government will have a right to go there and secure that to which he may be entitled. Now only the favored ones have the right to go and have mistakes corrected. So when we view the facts I want to say to the Senator—I do not believe he was here yesterday—and when we realize that $4,000,000,000 have been paid out in tax refunds and tax credits, which are exactly the same as cash, during the last nine years, the Senator can understand what an enormous subject it is. I venture to say that no other government under God's shining sun would permit to remain in force such a system as we now have.

Mr. FLETCHER. It seems as if it is an intolerable situation that the inspectors or whoever looks over the income-tax returns should come forward and admit that they had made mistakes to the extent of some $4,000,000,000.

Mr. McKELLAR. They not only admit it, they assert it, and not only assert it, but they have carefully prevented any amendment to the law which would either give the Government or the taxpayer a fair deal.

Mr. FLETCHER. I think the Senator is right about it.

Mr. McKELLAR. I thank the Senator.

Mr. SMOOT and Mr. TYDINGS addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Tennessee yield; and if so, to whom?

Mr. McKELLAR. I yield first to the Senator from Utah, who rose first, and then I will yield to the Senator from Maryland.

Mr. SMOOT. Mr. President, I wish to say to the Senator from Florida that most of these refunds come about because of taxes which were paid under jeopardy assessments in the early beginning of the income tax law. The time had elapsed within which the Government could investigate the accuracy of the returns, and therefore it placed jeopardy assessments against taxpayers, not knowing whether the tax so assessed was sufficient or whether it was twice or three times the amount which should properly be assessed. In the case of such jeopardy assessments, after investigation into the various cases by the proper authorities of the Government, where it was found that too great an assessment had been levied on which taxes were paid, refunds were ordered to the taxpayer. That is why the refunds have amounted to the sum indicated by the Senator.

Mr. FLETCHER. Does the Senator mean to say that in cases where the refunds have been made they do not represent taxes on regular income but penalty or jeopardy assessments?

Mr. SMOOT. They represent assessments made against the taxpayer without sufficient investigation on the part of the Government, which assessments were made in order to protect the Government against a time limit within which they had to act upon such claims.

Mr. McKELLAR. Mr. President, the proportion of the $4,000,000,000 that has been paid out because of jeopardy assessments will probably not amount to one one-hundredth part of the $4,000,000,000; in fact, I doubt if it will amount to one one-thousandth part of it. The jeopardy assessment is a mere smoke screen for the purpose of doing just what they have been able to get the Senate to do for the last nine years, namely, keep it all in the dark, keep it in secret, keep it in the Treasury Department and allow nothing to be disclosed to the American people except when the refunds are made. The course which has been pursued has resulted in depleting the Treasury. We are paying out from $100,000,000 to $300,000,000 every year in cash or credits on current taxes.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. TYDINGS. Does the Senator propose that every claim looking toward a refund shall be sent to the Board of Tax Appeals?

Mr. McKELLAR. I think it would be infinitely better than the present system. They have the force with which to investigate all such claims, and there is no reason why that should not be done. On one occasion I remember agreeing to a limitation of not exceeding $5,000. I would be perfectly willing, if the Senator wants an amendment to that effect, to have him offer it, and I will be glad to accept it; but I am pleading with the Senate for the very integrity of our Government. The idea of spending these enormous sums amounting to over $100,000,000 a year in times like these is monstrous, it is indefensible, it is wicked.

Mr. TYDINGS. I was going to say that without some limitations placed upon the claims which would go to the Board of Tax Appeals, there would be so much work put upon the board that the delay to the taxpayer who had been incorrectly assessed and taxed would be very injurious and harmful. It is going to take time to hear these claims, and if every one of them is going to be referred to the board, there will be a delay which will not be at all helpful.

I will say to the Senator that a great many taxpayers have had this experience: They have been assessed by the Federal Government; they have had to put up considerable sums of money or to hire attorneys, and after long and interminable hearings, they have finally won their cases but

have been put to tremendous expense in the meantime. The Senator and I heard of one such case only three days ago involving a Member of the Senate who had been at the head of a company before he came here. He had been assessed a considerable sum of money and had been compelled on five separate occasions to make a long trip all the way across the continent at his own expense in order to defend himself.

Mr. SMOOT. Mr. President——

Mr. McKELLAR. If the Senator will excuse me for just a moment until I answer what the Senator from Maryland has said, then I will yield. The business of tax refunds has become a great one. It is not merely a case of mistakes which should be corrected, but it has gotten to be a business, so that every taxpayer files a petition for a refund when he pays his taxes—that is the testimony that was given by the officials themselves—hoping that during the course of years there would be some decision about some refund that would enable him to secure a refund.

Mr. SMOOT. Mr. President——

Mr. McKELLAR. I will ask the Senator to wait a moment.

Mr. TYDINGS. Mr. President——

Mr. McKELLAR. I will yield to the Senator in a few moments. I want to say this: Whenever we come out in the open, whenever we do away with this secret refunding of the Government's money, whenever we agree to be fair and impartial and open about it, these claims for refunds are going to diminish in number or cease, and the business is going to be done away with.

Mr. NORRIS. Mr. President——

Mr. McKELLAR. If the Senator will wait a moment, I will yield to him after I have yielded to the Senator from Maryland.

Mr. TYDINGS. I should like to say to the Senator from Tennessee my recollection is that about 95 per cent of the sum of money of which he speaks, $4,000,000,000, is made up of claims in excess of probably $5,000.

Mr. McKELLAR. Oh, yes; that is true.

Mr. TYDINGS. I, therefore, would like to see the Senator put in a limitation in his amendment which would deal with the bulk of the money, and not multiply the number of claims for small amounts.

Mr. McKELLAR. If the Senator will draw such an amendment, with a limitation of $5,000, I will accept it.

Mr. SMOOT. Mr. President——

Mr. McKELLAR. Just a moment and I will yield. The prosecution of these claims has gotten to be a business. The tax-refund business is one of the greatest businesses in the country. Think of a business involving $4,000,000,000 in the course of nine years! Now I yield to the Senator from Utah.

Mr. SMOOT. Mr. President, I think the Senator misspoke himself when he said that the claims were filed by the taxpayer. The taxpayer makes out his tax return, but he does not make any claim for refund on the return made and sworn to by him. The only time that there is ever an assessment collected in any way, shape, or form is on the part of the Government asking that there be paid increased or additional taxes. That practice in the past has been followed under the law, and the assessments thus made have been called jeopardy assessments. The Senator, as I understood him, stated that all or most of these claims arose after the taxpayer had made his return and then asked for a rebate.

Mr. McKELLAR. Oh, no.

Mr. SMOOT. I do not think there is a case of that kind.

Mr. McKELLAR. The Senator misquotes me, unintentionally, of course.

Mr. SMOOT. Then I will ask the Senator to read his remarks in the RECORD.

Mr. McKELLAR. If I made the statement the Senator from Utah indicates, I made a mistake, or else the Senator has made a mistake; I do not know which. However, several witnesses before the committee testified that taxpayers, particularly business men who pay any considerable sums as income taxes, in order to be on the safe side, not knowing what ruling might be made, at the time of payment file claims for refunds in the event there should be a change of ruling later on. In other words, they make claims for refunds when they pay their taxes. Perhaps that is a very wise procedure; it certainly has been a very paying proposition to them, because I have served on the Appropriations Committee, and I know that we are not called upon to make just one appropriation for these refunds in a year. We invariably have two, and sometimes three, deficiency bills, because we appropriate the amount that is first estimated, which is always less than the amount which is ultimately paid back. We appropriate the estimated amount in the regular Treasury appropriation bill, and then when the first deficiency bill comes here, as in this case, $28,000,000 is asked, in addition, for claims that are to be paid between now and June.

I have no doubt that if we have a second deficiency bill before March there will be other claims for refunds. It is a great business. It is a paying business. The Government pays promptly. The Government pays well. It is all done in secret, and there you are.

Now I yield to the Senator from Nebraska.

Mr. NORRIS. Mr. President, I should like to ask the Senator a question.

As I understand this item, it will apply to all refunds made in the past, and also to all refunds in the next fiscal year.

Mr. McKELLAR. No. I wish it did, but it does not. This is an amendment——

Mr. NORRIS. I am not speaking of the Senator's amendment. I am speaking of the text of the bill.

Mr. McKELLAR. Oh, the text of the bill. Will the Senator read it? I have not it before me.

Mr. NORRIS. It reads as follows:

> Refunding taxes illegally or erroneously collected: For refunding taxes illegally or erroneously collected, as provided by law, including the payment of claims for the fiscal year 1933 and prior years, $28,000,000.

Mr. McKELLAR. That is right.

Mr. NORRIS. Am I right, then, in my understanding?

Mr. McKELLAR. The Senator is entirely right. By the way, let me say to the Senator that most of these claims, the great bulk of them, were paid out for the years 1917 and 1918.

Mr. NORRIS. I understand that.

Mr. McKELLAR. That is where the big business started.

Mr. NORRIS. But I want to ask the Senator about a claim that was not paid out or allowed then.

I noticed in the newspapers just a few days ago an item which stated that quite a large sum of money—I have forgotten how much, but several hundred thousand dollars, as I remember—was ordered to be paid as a refund to the estate of the father of the present Secretary of the Treasury. That would be included in the Senator's amendment?

Mr. McKELLAR. Oh, yes.

Mr. NORRIS. Will the Senator tell us just how that kind of a claim is handled?

Mr. LONG. Mr. President, this is a small matter to take up the time of the Senate to discuss—the payment of a few hundred thousand dollars to the father of the Secretary of the Treasury.

Mr. McKELLAR. I think that is usual. Perhaps the present Secretary of the Treasury got in the habit of doing it through his predecessor. It will be recalled that his predecessor, Mr. Mellon, and his various companies constantly received in every appropriation bill refunds of taxes.

Mr. NORRIS. That might have been; but while I do not know what the facts are, and I am trying to get them, I assume that the Secretary of the Treasury, probably one of the heirs of that particular estate, would have a direct interest in that refund.

Mr. McKELLAR. Perhaps he is a joint heir.

Mr. NORRIS. In that kind of a case, would the Secretary of the Treasury or his appointees pass on the refunding of that kind of a tax payment?

Mr. McKELLAR. His subordinates in his department would pass on it, and it would be handled entirely by them; and not only that, but it would be handled in secret. The only publicity about the matter is that after it is done a very short statement is issued, which oftentimes is wholly unintelligible.

Mr. NORRIS. This is not for that, as I understand. It has to be paid out of this appropriation?

Mr. McKELLAR. It has to be paid out of this appropriation.

Mr. LONG. Mr. President, has it not become an established practice for 10 or 12 years that the Secretary of the Treasury is included in these very fulsome rebates? That is more or less an established practice of the Government.

We are spending a great deal of time in arguing over the little, insignificant matter of the Secretary of the Treasury's paying to an estate a few hundred thousand dollars out of the Government Treasury. It seems to me that we are wasting time. It has been done for 10 years. Several millions of dollars have been paid by the predecessor of the present Secretary of the Treasury to his family estate, and to himself, and to his various companies. Why, now, should the Senator from Tennessee take up the time of the Senate in criticizing something that has become so established that we would not feel at home if it were not in this bill to-day?

Mr. McKELLAR. The Senator from Louisiana may feel at home when these enormous amounts of money are taken out of the Treasury of the United States, but I do not. I honestly and sincerely and truly believe in and subscribe to the old-fashioned doctrine that we are trustees for the American people; that we are especially trustees for the American taxpayers; and to see these vast sums, amounting to $4,000,000,000, taken out of the Treasury of the United States by subordinate employees of the Government, without any responsible official passing on them, to my mind is unjust and indefensible. This amendment of mine provides that it shall be done by a real commission or court designated for that purpose.

Mr. TYDINGS. Mr. President——

Mr. McKELLAR. I yield to the Senator from Maryland.

Mr. TYDINGS. May I point out to the Senator that in fixing a limitation upon the claims which shall go to the Board of Tax Appeals, in the case of a man living in San Francisco or Nebraska, if the amount of refund is small, the expense of coming here and prosecuting his claim would eat it all up. Therefore I have prepared an amendment, which I am about to read.

The present language of the Senator's amendment is:

> That no part of this appropriation shall be expended for the payment of any claim—

I have added these words: "Which is in excess of $5,000."

That would cover about 95 per cent of the refunds which have been made and would permit the individual taxpayer who would not be able to fight his case before the Board of Tax Appeals to prosecute his case as now provided. I think the limit ought to be $10,000, because the average corporation has received a refund of from $25,000 on up; and what we are after is these corporation refunds rather than the individual ones.

Mr. McKELLAR. I shall be very happy to accept the amendment offered by the Senator from Maryland, and I modify my amendment in that regard.

The PRESIDING OFFICER (Mr. AUSTIN in the chair). The Senator from Tennessee, the Chair believes, is out of order. His motion to suspend the rules so as to permit him to amend the pending bill is the question before the Senate, and the amendment can not be modified unless the rules are suspended and the matter is submitted to the Senate.

Mr. NORRIS. Mr. President, I was unable to hear the Chair. Did he hold that the amendment was out of order?

Mr. McKELLAR. The amendment can not be out of order. I have given notice of a motion to suspend the rules. It requires a two-thirds vote of the Senate to pass it, but I certainly am in order. I will say that I will accept the amendment when it is offered.

Mr. HARRISON. Mr. President, before the Chair rules I desire to make a suggestion and see if we can not get together on this matter.

In making the suggestion I want to say that, as one Member of this body, I am very grateful for the splendid fight that the distinguished Senator from Tennessee has made in the matter of these refund payments. He has spoken many times on the subject, and he has called it to the attention not only of this body but of the country, and I have no doubt that it has made the Treasury Department more careful and has saved some money.

I recall that some years ago—in 1926, I think—when this matter first came up in a deficiency bill, the Senator from Tennessee brought it to the attention of this body.

Mr. McKELLAR. I first brought it to the attention of the Senate in 1923.

Mr. HARRISON. Perhaps it was in 1923; but in 1926, if I recall correctly, at the instance of the Senator from Tennessee, there was written into the bill the provision of the present law that before these refunds should be made the matter should first be investigated and reported to the Joint Committee on Internal Revenue Taxation. The limit was fixed then at $75,000. It is my opinion that the limit was placed at too high a figure; and I hope, if it meets with the approval of the Senator from Tennessee, that the Senator in charge of the bill will agree to a reduction of that limit, whether a point of order might be sustained or not, because, as the Senator said—I did not hear his remarks yesterday, but I read them—he wants every legitimate refund to be made.

Mr. McKELLAR. Absolutely.

Mr. HARRISON. Every man who has paid illegally or overpaid to the Government his taxes is entitled to have them refunded, and refunded without further litigation in the courts or having to pay additional expenses of lawyers, and so forth, in order to secure the refund.

Mr. McKELLAR. Absolutely.

Mr. HARRISON. If this limit could be brought down, so that the Joint Committee on Internal Revenue Taxation should investigate and pass on those matters of $5,000 and up before the refunds could be made, it seems to me that that would be carrying out this principle in an orderly way.

Mr. McKELLAR. Just let me answer that, if the Senator please.

Mr. HARRISON. I hope the Senator will not answer me until I finish, because I notice from the RECORD that it was said yesterday that the Joint Committee on Internal Revenue Taxation did not look into these matters, had not performed any function with reference to them, and had not even given any consideration to these refunds. I desire to take issue with that statement.

Under the law the Joint Committee on Internal Revenue Taxation is made up of five Senators and five Members of the House. They have in charge of the joint committee Mr. Parker, a man in whom every one who has had any dealings with him has implicit confidence. I would rather trust his judgment and his power to investigate and the accuracy of his conclusions than those of any man on the Board of Tax Appeals. He has given to those of us who have had charge of revenue legislation the finest kind of advice, and his estimates have been more correct than those of the Secretary of the Treasury himself.

We have a force maintained for this purpose. I have attended several hearings since I have been a member of the joint committee. These matters have been laid before us; there come before the committee the experts from the Treasury Department; Mr. Parker presents the matter from the other angle if there is a conflict; and thus we get all the facts and pass upon the matter.

I have not been a member of the joint committee very long, because the membership rotates. The distinguished former Senator from North Carolina, Mr. Simmons, was a member of it, because of his ranking position on the Finance Committee, for a long number of years. Then I became a member of it by virtue of my membership on the commit-

tee, and then my colleague from Utah, the junior Senator from that State [Mr. KING], some months ago became a member of it.

It is quite true that the joint committee has not had any meeting recently, but it will have meetings. Every one of these matters of $75,000 and over, as the law now prescribes, will be investigated, is being investigated, and the Joint Committee on Internal Revenue Taxation will look into those particular matters.

I appreciate the fight that the Senator from Tennessee has made on this matter, and I hope he will permit the subject to go to the Joint Committee on Internal Revenue Taxation rather than to the Board of Tax Appeals, which now has on its calendar 16,000 cases and is very hard worked. This committee that is under the jurisdiction of the Congress will make these investigations, will make its reports, and the Congress then can act accordingly.

I hope the Senator will accept that suggestion, because we are all trying to get at the same thing, and that the Senator from Maine will agree to the proposition.

Mr. McKELLAR. Mr. President, I want to say, in answer to what the Senator from Mississippi has said, that the Joint Committee on Internal Revenue Taxation, so-called, consisting of five Senators from the Finance Committee of the Senate, and five Representatives from the Ways and Means Committee of the House, has been in existence since 1926, and under the administration of that committee not one single solitary cent has ever been saved to the American Treasury.

Mr. HARRISON. Mr. President——

Mr. McKELLAR. Wait one moment.

Mr. HARRISON. The Senator makes a statement, and he will certainly give me an opportunity, as one member of that committee, to say whether it is accurate or not. I know the Senator states what he believes to be correct, but I say, on the contrary, that that committee within the last three years has saved more than $1,000,000 to the taxpayers in this matter. I leave it to the chairman of the Joint Committee on Internal Revenue Taxation, who is in a position to know, who maintains an office, and looks over these applications for refunds, and investigates them. We have a force here to look into the matter.

Mr. McKELLAR. I will ask the Senator this question, Has the Senator ever passed personally on any one particular claim?

Mr. HARRISON. Yes.

Mr. McKELLAR. What one? Name it.

Mr. HARRISON. There was a case with reference to the sugar interests in Hawaii which I know we investigated very thoroughly. Of course, we had to take the suggestions and the report, in the Joint Committee on Internal Revenue Taxation, of the man we had placed in charge.

Mr. McKELLAR. Was there any other case?

Mr. HARRISON. Yes; there have been several cases. I do not recall them all now, but I know that quite at length they were presented to us. I will say that, so far as I am concerned, I have no pride in that particular committee; and I am perfectly willing, and I am sure those of us on that committee would be willing, to leave the handling of these matters to the ranking members of the Committee on Appropriations of the Senate.

The thing I wanted to impress on the Senator was that they are investigating. We have a most competent man, a man whom I would very much dislike to see give up his position on the Joint Committee on Internal Revenue Taxation, and go on the Board of Tax Appeals, a man whose opinion I would take much quicker than that of any member of that board.

Mr. HALE. Mr. President, will the Senator from Tennessee yield to me?

Mr. McKELLAR. In just one moment. I want to say to the Senator from Mississippi, and to other Senators, that Mr. Parker, who is, as I said yesterday, in the employ of this committee, is a most excellent gentleman, a most efficient man; but he has no power under the law that would enable him to say whether or not a claim was just or fair, or dishonest or corrupt. It is just a blind, so to speak—and I do not mean in an improper way—it is just a blind to refer the matters to the legislative committee. The legislative committee does not actually pass on the cases, it has not the time to do so; it is not its business to do so, except as directed by the statute, and the statute gives it no real power over the matter.

Let us assume for a moment that my estimate of the saving of 1 cent is wrong and that the estimate of the Senator from Mississippi of the saving of $1,000,000 is correct. What is $1,000,000 in comparison with $4,000,000,000 in the last nine years? One million dollars is not a drop in the bucket.

Mr. Parker's name has been brought into the debate. I have the same high estimate of Mr. Parker, the chief of staff of the Joint Committee on Internal Revenue Taxation, that the Senator from Mississippi has. I know him well. He is a fine man. But give him power if we are to impose a duty upon him. He has no power to go into these matters and determine the cases or to change a single figure. He has no power to do it.

I would join the Senator from Mississippi, if Mr. Parker is a Democrat, and urge his appointment as a member of the Board of Tax Appeals, having particular views about these things, to show the Senator how I feel toward Mr. Parker, what confidence I have in him. But the system is wrong. We have operated under this system for six years, under this Joint Committee on Internal Revenue Taxation, with no saving, and we ought to have some savings. We ought to have this matter investigated in the open, these judgments should be arrived at in the open, and there is no better way in the world than to put the matter into the hands of the Board of Tax Appeals. I hope the Senate will agree to this amendment, because I can not see why the Government's right should not be protected, and why the taxpayers' rights should not be protected.

Mr. HALE and Mr. SMOOT addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Tennessee yield; and if so, to whom?

Mr. McKELLAR. I yield to the Senator from Maine.

Mr. HALE. Has the Senator concluded his remarks?

Mr. McKELLAR. I decline to yield. I will yield to the Senator from Utah.

Mr. HALE. Mr. President, I would like to ask the Senator——

Mr. McKELLAR. I thank the Senator very much, but I yield to the Senator from Utah.

Mr. SMOOT. Mr. President, I hold in my hand the report of the Joint Committee on Internal Revenue Taxation on refunds and credits of internal-revenue taxes. This is for 1930, and every year there has been a report of about the same size, sometimes the report being larger, giving the details of every single, solitary refund that has been made.

Mr. McKELLAR. Does it show the savings to the Government?

Mr. SMOOT. Yes. I will take one of them up now. This is the report as to the United States Steel Corporation, to which the Senator has referred. Let us see what happened this year.

Mr. McKELLAR. Oh, no; let us take them up for 1929.

Mr. SMOOT. We can take any year. I have only the report for two years before me.

Mr. McKELLAR. Very well; the Senator may take any one he desires to.

Mr. SMOOT. I can show the facts for every year. This report states:

> This allowance was the subject of discussion before the Select Senate Committee Investigating the Bureau of Internal Revenue in 1925. The commissioner thereafter ordered a redetermination of the allowance to be made. The report of the commissioner to the committee in 1930 fixed the allowance at $48,136,472.98, which represented a reduction of about $7,000,000 over the allowance first agreed on. Careful investigation of the allowance was made by the staff, and objection was made to the determination made in the case of the McDonald plant of the Carnegie Steel Corporation. After discussion, the bureau and the taxpayer agreed that this allowance should be reduced by $315,322.07. This reduction was in favor of the Government to the extent of about $250,000 in tax plus interest of about $125,000, making a total saving of $375,000.

The issue in respect to the elimination of intercompany profits for both income and excess-profits tax purposes was thoroughly discussed before the committee. The rule followed was based upon bureau rulings. The staff developed arguments attempting to show that these rulings were in error, and a subsequent decision of the United States Court of Claims in April, 1930 (Packard Motor Car Co. *v.* U. S. 39 Fed. 2d, 991), would indicate that the position of the staff was correct.

It goes on and tells what was refunded in 1930, and every year there has been some refund of taxes passed on by this committee.

Mr. FLETCHER. What is the cause of all the errors?

Mr. SMOOT. The errors arise from the fact that the taxpayer makes his report out and pays a tax which he thinks is right, then the Government finds it is not correct, and the case is appealed. The Joint Committee on Internal Revenue Taxation passes upon every case where the company has paid to the Government of the United States an amount of $75,000 or more in excess of its true tax liability.

Mr. McKELLAR. Mr. President, I am greatly obliged to the Senator.

Mr. SMOOT. I can go on and state the cases for year after year.

Mr. McKELLAR. I want to take this one up first.

Mr. SMOOT. Very well.

Mr. McKELLAR. I am much obliged to the Senator for calling my attention to Case No. 16, United States Steel Corporation and subsidiaries.

Let it be remembered that this corporation was paid $59,000,000 in the December preceding this case for a mistake committed. Think of the United States Steel Corporation making a mistake of $59,000,000 in the way of an overpayment in the year 1917, and right along comes this claim for 1918, and I will read from the report:

The total overassessments shown in the original report covering the taxable years 1918, 1919, and 1920 amounted to $21,555,357.89 without interest.

They did not cover the one for 1917. They had just been paid $59,000,000 for that. The report states:

The total overassessments shown in the original report covering the taxable years 1918, 1919, and 1920 amounted to $21,555,357.89 without interest. (Interest originally estimated at $12,000,000.) The final allowance made after the expiration of the 30-day period prescribed by law was $21,098,382.14 plus interest of $11,112,960.90. The reduction in the final allowance over the original amount tentatively proposed amounted to $456,975.75 plus an undetermined amount of interest. This reduction was due to two causes—first, final computations of the audit division of the bureau; and second, a correction in the amortization allowance made by the department on the basis of an objection raised by the staff of the joint committee.

This overassessment with interest ($32,668,318.79) is the largest single case which has ever been reported to the committee. The second largest case reported to the committee involved an overassessment to the same taxpayer for the year 1917, which amounted to $25,856,361.14, including interest.

That interest, as I remember, was about the sum of $9,000,000.

This refund for 1917 was described in our first report on refunds and credits.

This is just a description of what the department has done. It is not a change of these amounts, but these enormous amounts were paid out in cash; and after they were paid out in cash, in addition to the amounts paid out in cash, were credits on current taxes, one of them for 1917 amounting to $59,000,000.

Mr. LONG. Mr. President, I would like to ask the Senator one question.

Mr. McKELLAR. I yield.

Mr. LONG. Does not the Senator think where the head of a department is paying out to an estate in which he is concerned a sum of money amounting to hundreds of thousands of dollars Congress should authorize such an enormous expenditure by the department over which he is the head? Would the Senator just let that go along as it is?

Mr. McKELLAR. Mr. President, I have argued that so often on this floor before the Senator came to the Senate that I imagine other Senators are rather tired of hearing about it. I will just give the Senator my view about it. I remember some years ago there was a Member of this body by the name of Peter G. Gerry, a Senator from Rhode Island, who was a very rich man. The incident to which I am about to refer occurred during the World War. Senator Gerry had a yacht which, I think, cost him $250,000, and he wanted to give that yacht to the Government for use during the war—just wanted to give it to the Government. We had to pass a bill, if I remember correctly—and I think I do—in order to let Senator Gerry make a gift of a $250,000 steam yacht to his own Government. But all during the last 12 years the Secretary of the Treasury, first Mr. Mellon, has been getting refunds from his own department for himself and for his numerous corporations all along the line. I think that is immoral. I have said so a hundred times on this floor, and I repeat it. I regard it as immoral and think it ought not to be allowed by any legislative body in the world.

Mr. LONG. Mr. President, if it was immoral 2 or 3 or 4 or 5 years ago when the Senator first referred to it, it is immoral to-day, and why do we not start now to correct that practice?

Mr. McKELLAR. If the Senator will permit me, that is exactly what I am trying to do. If the Senator will vote for the amendment I have offered it will help. That is precisely what I propose to do. I do not think the Secretary of the Treasury or any other official of the Government has the right to deal with these matters as an individual on one side and as a representative of the Government on the other side.

Mr. President, I think the facts are before the Senate, and I submit the motion to the Senate for its consideration.

Mr. HALE obtained the floor.

Mr. LONG. Mr. President, what is now before the Senate, so I may understand the situation clearly?

Mr. HALE. The motion of the Senator from Tennessee.

Mr. LONG. The motion to suspend the rules so we can consider the amendment of the Senator from Tennessee?

Mr. McKELLAR. That is true.

Mr. LONG. It takes a two-thirds vote to suspend the rules?

Mr. HALE. That is correct.

Mr. LONG. It seems to me only fair, inasmuch as we have yielded unanimous consent in order that the matter might be discussed, that we should allow the Senator from Tennessee to have the right to offer his amendment and let it be discussed. It seems fair to me, inasmuch as we have yielded to unanimous consent, that the Senator from Tennessee should be allowed to have the right to offer his amendment.

Mr. McKELLAR. Why not ask unanimous consent for that purpose?

Mr. LONG. I do not have to ask unanimous consent. A two-thirds vote will do it; but inasmuch as the whole proceeding is being conducted under the very generous consent of those of us who are in very much of a hurry to discuss another bill, I am sure a similar indulgence will be granted by the Senator from Maine. In other words, I think the Senator from Tennessee ought to be allowed to offer his amendment. I think the Treasury Department, if it were consulted, would want the question heard by the Senate.

These tax refunds of $28,000,000 are two times as much as the debt payment France failed to make the other day about which we have had so much hoorah and discussion—fourteen little miserable millions of dollars—and yet we are appropriating $28,000,000, and the Senators from Illinois, Nebraska, Tennessee and other States tell us that some $500,000 of that money represents a refund that goes to a family estate in which the Secretary of the Treasury of the United States is interested. Let us deal in good faith with this question. It is supposed to be——

Mr. HALE. Mr. President, I thought I had the floor.

The VICE PRESIDENT. The present occupant of the chair was not in the chair until a moment ago and does not know who really had the floor. If the Senator from Maine had the floor, he will be protected.

Mr. HALE. I had the floor.

Mr. LONG. That is not my understanding, but it is all right with me. If the Senator wants the floor, let him go ahead.

The VICE PRESIDENT. The Senator from Maine is recognized.

Mr. HALE. Mr. President, in view of the fact that the Senator from Tennessee [Mr. McKELLAR] has pursued the regular course and moved to suspend the rules, we would better have a vote to determine whether the rule shall be suspended. I would like to say a word about the matter before we take the vote.

Last night I explained the procedure whereby tax refunds are dealt with by the Government. Briefly it is as follows: A field agent of the bureau makes investigations throughout the field. When he comes to a case where he thinks too much money has been paid to the Government, he takes the matter up with the board of review in the field. The board of review in the field, if it approves the recommendation of the field agent, then reports the case to Washington. When it gets to Washington, it is audited by an auditor or by one or more auditors of the department. That audit is subject to review in the department. In all cases involving more than $20,000 the case, after it has been reviewed in the auditing department, goes to the general counsel of the department. If approved by him, it goes to the commissioner.

In cases involving $75,000 or more, in addition to this, the cases are sent by the department to the Joint Committee of Congress on Internal Revenue Taxation and are considered by that committee. Some question has been raised as to the work of that joint committee. I have here the report of the committee for 1930 submitted to Congress in due process of law by L. H. Parker, chief of staff of the joint committee. Let me read from it briefly:

Refunds and credits of internal revenue taxes in excess of $75,000 have been reported to the Joint Committee on Internal Revenue Taxation by the commissioner since February 28, 1927, with the exception of the period from April 25, 1928, to May 29, 1928. These reports were first required under the first deficiency act, 1927. (H. R. 16462, February 28, 1927, c. 226, 44 Stat. 1254). This act contained the following provision:

"Refunding taxes illegally collected: For refunding taxes illegally collected under the provisions of sections 3220 and 3689, Revised Statutes, as amended by the revenue acts of 1918, 1921, 1924, and 1926, including the payment of claims for the fiscal year 1928 and prior years, $175,000,000, to remain available until June 30, 1928: *Provided*, That no part of this appropriation shall be available for paying any claim allowed in excess of $75,000 until after the expiration of 60 days from the date upon which a report giving the name of the person to whom the refund is to be made, the amount of the refund, and a summary of the facts and the decision of the Commissioner of Internal Revenue is submitted to the Joint Committee on Internal Revenue Taxation."

No reports were required in the first deficiency act, 1928 (December 22, 1927, c. 5, 45 Stat. 30), or in the Treasury appropriation act of March 5, 1928 (c. 126, 45 Stat. 162). But the revenue act of 1928, in section 710, specifically required the commissioner to make such reports to the joint committee. Section 710 of the revenue act of 1928 reads as follows:

"SEC. 710. Refunds and credits to be referred to joint committee: No refund or credit of any income, war-profits, estate, or gift tax, in excess of $75,000, shall be made after the enactment of this act, until after the expiration of 30 days from the date upon which a report giving the name of the person to whom the refund or credit is to be made, the amount of such refund or credit, and a summary of the facts and the decision of the Commissioner of Internal Revenue is submitted to the Joint Committee on Internal Revenue Taxation. A report to Congress shall be made annually by such committee of such refunds and credits, including the names of all persons and corporations, to whom amounts are credited or payments are made, together with the amounts credited or paid to each."

I am now reading from the report for the year 1930.

The report then goes on to deal with the matter, and I ask that the remainder of it be inserted in full in the RECORD.

The VICE PRESIDENT. Without objection, that order will be made.

The remainder of the report is as follows:

As the revenue act of 1928 was not enacted until May 29, 1928, and as the appropriation under the first deficiency act, 1927, became exhausted on April 25, 1928, the commissioner did not report to the joint committee any credits or refunds made during the period April 25, 1928, to May 29, 1928. The first report submitted to Congress (H. Doc. 43, 71st Cong., 1st sess.) under the revenue act of 1928 covered the 7-month period from May 29, 1928, to December 31, 1928. However, there was included in this report an analysis of the refunds made during the 14-month period February 28, 1927, to April 24, 1928, and reported to the committee pursuant to the first deficiency act, 1927. The second report on refunds and credits was made by the joint committee to Congress on June 20, 1930. This report (H. Doc. 478, 71st Cong., 2d sess.) covered all refunds and credits in excess of $75,000 reported to the joint committee by the commissioner during the calendar year 1929. The report now submitted constitutes the third report and embraces the refunds and credits in excess of $75,000 reported by the commissioner to the committee during the calendar year 1930.

There has been no change in the policy of the committee as to its functions with respect to its examination of refunds and credits since the publication of the first report. In the first report the intent of Congress in requiring such examination was analyzed as follows:

First. It appeared to be the purpose that the joint committee should inform the Congress not only as to the amounts of the refunds and credits over $75,000 but also as to the principal causes of such repayments.

Second. It appeared to be the purpose that the joint committee and its staff should study these cases in order to inform themselves as to the practical operation and effect of our internal-revenue system of taxation.

Third. It appeared to be the purpose that the joint committee, or its authorized agents, should call to the attention of the Bureau of Internal Revenue any final tax determinations resulting in refunds or credits which might seem erroneous, or doubtful, or worthy of further investigation and review.

The above-named purposes have been carefully kept in mind during the entire period during which refunds and credits have been submitted to the committee. It has been recognized, however, that the committee has no actual power of approval or disapproval of these refund cases.

SUMMARY

This report is divided into three parts:

Part I consists of a list of refunds and credits in excess of $75,000 allowed in the calendar year 1930, which list is required to be reported to the Congress under section 710 of the revenue act of 1928.

Part II contains an analysis of overassessments. This analysis shows the total amounts of the overassessments and the principal causes for their allowance. There is also contained in Part II a brief résumé of each case, alphabetically arranged. An analysis of these overassessments has also been prepared by the Treasury Department and is included as a supplement to Part II.

Part III consists of a general survey of the overassessment situation, including a discussion of certain specific cases.

The most important facts and conclusions presented in the report are summarized as follows:

1. The total overassessments, including interest, allowed during the calendar year 1930 in cases involving refunds and credits over $75,000 amounted to $97,503,653.36. The rate of overassessment was, therefore, $8,125,304 per month. This rate was 29 per cent greater than the rate shown in the report for the calendar year 1929 but is 24 per cent less than the rate shown in the report for the 21-month period from February, 1927, to December, 1928. The increase in the rate of overassessments for 1930 is more apparent than real. In 1930 an estate tax assessed against the Payne Whitney estate was abated in an amount in excess of $16,000,000. This abatement was granted pursuant to the 80 per cent credit allowed under the Federal estate tax for estate and inheritance taxes paid to the States, which taxes could not be ascertained at the time the Federal estate tax return was made. The part of the tax abated was never paid and was known not to have been due when it was assessed.

2. The true picture of the situation in 1930 may be shown by comparing the monthly rates at which credits and refunds have been made in that year with previous years. Credits and refunds directly affect the revenue whereas abatements represent merely the elimination of an incorrect charge on the books of the Government. For the period from February, 1927, to December, 1928, the average monthly rate at which taxes were refunded and credited amounted to $6,945,717. For the calendar year 1929 this rate was $4,514,387, and for the calendar year 1930 the rate was $4,571,011. Thus, the rate for the calendar year 1929 decreased 35 per cent over the preceding period, while the rate for 1930 increased about 1 per cent over that for 1929. A conclusion that refunds and credits for 1930 indicated no downward trend is unwarranted due to the fact that in 1930 a refund and credit in the amount of $21,098,382 was granted to the United States Steel Corporation. This refund and credit represented nearly 40 per cent of all refunds and credits allowed for the calendar year 1930.

3. Cash refunds reported in excess of $75,000 amounted to only $27,174,872 in 1930, in comparison with cash refunds of $38,203,522 in 1929. This shows a decrease in rate of about 29 per cent.

4. The principal causes of the 1930 overassessments are as follows:

	Per cent
Estate tax	24
Invested capital	15
Amortization	14
Depreciation	7

Of these causes, the first three are disproportionately large on account of the abnormal allowances to the Payne Whitney estate and the United States Steel Corporation already mentioned. In the future it is probable that depreciation will constitute the most

frequent basis for refunds. The taxes for the excess-profits tax years 1917–1921, inclusive, are rapidly being settled. This is shown by the following comparative table:

Per cent of total overassessment for the excess-profits tax years

14-month period, Feb. 28, 1927–Apr. 24, 1928	88
7-month period, May 29, 1928–Dec. 31, 1928	77
12-month period, Jan. 1, 1929–Dec. 31, 1929	71
12-month period, Jan. 1, 1930–Dec. 31, 1930	59

5. In the majority of cases the refunds and credits reported by the commissioner have not been open to serious criticism. Differences of opinion have, however, arisen in disposing of some of the excess-profits tax cases which have long been pending. In such cases the points in controversy have been discussed and reviewed with the department. During the calendar year 1930, 125 cases were reported to the committee. Serious controversy arose in only nine of these cases. The cooperation of the department is shown by the following facts with respect to the disposition of these nine cases:

Two cases were changed to conform with the views of the staff of the committee.

Two cases were withheld pending further review.

Two cases were not changed as to the years in question, but the basis for future years was corrected.

Three cases were not changed in any respect.

The net result of the changes is a saving of approximately $400,000 in favor of the Government. This saving is less than one-half of 1 per cent of the total overassessments allowed, but is sufficient to justify the expense of the committee examination, which amounts to only 5 per cent of the savings effected.

Mr. HALE. Section 5 of the report reads as follows:

In the majority of cases the refunds and credits reported by the commissioner have not been open to serious criticism. Differences of opinion have, however, arisen in disposing of some of the excess-profits tax cases which have long been pending. In such cases the points in controversy have been discussed and reviewed with the department. During the calendar year 1930 125 cases were reported to the committee. Serious controversy arose in only nine of these cases. The cooperation of the department is shown by the following facts with respect to the disposition of these nine cases:

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The net result of the changes is a saving of approximately $400,000 in favor of the Government. This saving is less than one-half of 1 per cent of the total overassessment allowed, but is sufficient to justify the expense of the committee examination, which amounts to only 5 per cent of the savings effected.

From these data which I have given it appears that a very strenuous examination is made of all refunds by the Treasury Department before it submits any cases to the Joint Committee on Internal Revenue Taxation.

The report I have just read indicates that all of the cases which are sent to the joint committee are examined into thoroughly by them. They take up each case in connection with the department where any question arises.

The statement has been made—and I think I made it myself last night—that the refunds since 1917 amount to about $4,000,000,000. As a matter of fact, the actual refunds amount to about $1,450,000,000, and the balance of $2,550,000,000 is included in abatements that have been made; that is, reductions that have been made by the department before the taxes have been paid by the taxpayers. Together they amount to about $4,000,000,000. As I said last night, the $4,000,000,000 is $2,000,000,000 less than the Government has collected through its field investigations of deficiency taxes paid by the taxpayers, so the Government comes out net about $2,000,000,000 ahead on the results of these examinations.

Mr. WALSH of Massachusetts. Mr. President——

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Massachusetts?

Mr. HALE. I yield.

Mr. WALSH of Massachusetts. May I inquire of the Senator if I am correct in my understanding of the issue that is now before us? The final tribunal under existing law that considers and passes final judgment upon claims for rebatement of taxes is the Joint Committee on Internal Revenue Taxation?

Mr. HALE. The statute does not provide that any action shall be taken by that committee, but it provides that claims can not be paid until report has been made to them and held by them 30 days.

Mr. WALSH of Massachusetts. In other words, there is the right of review and the right of objecting to any awards in the way of rebate of internal revenue by that joint committee?

Mr. McKELLAR. Oh, no, Mr. President; the act does not provide any such thing at all.

Mr. HALE. It provides for no action to be taken by that committee.

Mr. WALSH of Massachusetts. May I ask the Senator, then, what official or commission of the Federal Government has final jurisdiction in determining whether there shall be payment of a rebate to the taxpayer?

Mr. HALE. The Commissioner of Internal Revenue, but, of course, it must be called to the attention of the joint committee. The joint committee itself can not take any action.

Mr. WALSH of Massachusetts. He has authority in amounts of less than $75,000, but in cases in excess of that amount he must call the matter to the attention of the joint committee, and unless they take some action within 30 days the Internal Revenue Commissioner feels that he has authority to authorize the payment?

Mr. HALE. That is correct.

Mr. WALSH of Massachusetts. With that arrangement, the Senator from Tennessee [Mr. McKELLAR] is dissatisfied. He and others claim that the interest of the Treasury has not been sufficiently protected and that in his judgment there has been a carelessness and looseness in the awarding of rebates. He proposes now to transfer the authority for final adjudication of claims by taxpayers for refunds to the Board of Tax Appeals. Have I correctly defined the issue before the Senate?

Mr. HALE. I think so, as I understand the question.

Mr. SMOOT. Mr. President——

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Utah?

Mr. HALE. I have not completed my statement. I should like to finish my statement, I will say to the Senator from Utah.

Mr. SMOOT. I am very sorry that I interrupted the Senator.

Mr. HALE. If the Senator wishes to ask a question, I am willing to yield.

Mr. SMOOT. I merely wanted to say a word in response to the Senator from Massachusetts.

Mr. HALE. Mr. President, the McKellar amendment before it was modified by the amendment of the Senator from Maryland [Mr. TYDINGS] provided, as I understand it, that no refunds may be made without the approval of the Board of Tax Appeals. The amendment of the Senator from Maryland provides that this shall apply only to cases involving $5,000 or more. Am I correct in that?

Mr. McKELLAR. I accepted the modification proposed by the Senator from Maryland.

Mr. HALE. That modification has been accepted.

The VICE PRESIDENT. The Chair will state that the amendment of the Senator from Tennessee can not be modified until the pending question has been disposed of. The amendment of the Senator from Tennessee is not as yet before the Senate.

Mr. McKELLAR. I understand that, but if the Senate votes to allow my amendment to be considered, in other words, if the rule shall be suspended, then I am going to accept the modification offered by the Senator from Maryland, and the Senator from Maine may proceed on that theory.

Mr. HALE. Very well.

Mr. President, the Board of Tax Appeals has now before it, on its docket, 16,815 cases involving $600,000,000 that have not yet been heard. Those are cases of deficiencies in payments by the taxpayers to the Government, and are, of course, not refunds. Already during the past year 47,666 applications for refunds involving $265,000,000 have been

filed with the department. Last year the department settled more than 132,000 applications for refunds. What I should like the Senate to understand is that it is physically impossible for the Board of Tax Appeals, with 16,815 cases waiting on its docket, to take up all refund cases. Of course, if a limitation of $5,000 should be provided there would be fewer cases, but, in any event, there would unquestionably be thousands of cases that would have to be heard before that board; in other words, where we now appropriate $560,000 for the Board of Tax Appeals, which includes salaries and printing, we would probably have to increase that amount very greatly in order to carry out the provision of the amendment of the Senator from Tennessee, even if amended. Furthermore——

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Louisiana?

Mr. HALE. I yield.

Mr. LONG. I am only undertaking to shorten the discussion, and I hope the Senator will not object. I am simply undertaking to accomplish his purpose. Much of what the Senator is saying is what would be said in the consideration of the amendment; but we are not now saving any time. Why not just have it understood that we are considering the amendment itself just as much as if it were actually before us?

Mr. HALE. I have already stated that I wanted to follow the regular course and let the Senator bring up his motion and have a vote on it.

Mr. McKELLAR. Mr. President, if the Senator will yield, I should like to make a statement.

Mr. HALE. Mr. President, I have the floor and have not completed my statement.

The VICE PRESIDENT. The Senator from Maine declines to yield.

Mr. McKELLAR. Very well.

Mr. HALE. Furthermore, Mr. President——

Mr. McKELLAR. I demand the regular order, Mr. President.

The VICE PRESIDENT. The Senator from Maine has the floor.

Mr. McNARY. Mr. President, will the Senator from Maine yield to me for a moment?

Mr. HALE. I yield.

Mr. McNARY. It is highly desirable to finish this bill to-night. It is needed as a matter of relief, and the funds it provides are most desired for use in the District of Columbia. If the Senator from Tennessee demands the regular order, of course, the banking bill comes back before the Senate.

Mr. McKELLAR. I know that.

Mr. HALE. I hope the Senator will not do that.

Mr. McNARY. And that will prevent the Senate from acting on the bill now pending. Will not the Senator do this——

Mr. McKELLAR. I should like to do anything in the world that the Senator from Oregon desires, but I want to say this to the Senator from Oregon: I offered this amendment; a point of order was made against it yesterday, and I am going to ask unanimous consent to suspend the rules so that the amendment may be considered and voted on by the Senate. Unless such unanimous consent is granted, I am going to ask for the regular order and let the banking bill come back before the Senate.

Mr. McNARY. Of course, the Senator has a formula that probably suits his purpose, and he is in a position to carry it out if he so desires.

Mr. McKELLAR. Of course I am; I think I am entitled to a vote on this question, and that is why I am going to insist upon it.

Mr. McNARY. I think the Senator from Tennessee and any other Senator is entitled to a vote, but I plead with the Senator to let us proceed with this bill until we may obtain a final vote.

Mr. McKELLAR. So far as I am concerned, I will be delighted if we can vote on it. If the Senator from Maine will yield to me, which I asked him to do a moment ago and he refused, I want to ask unanimous consent that the rule may be considered as suspended and that we may vote on this question. I am ready for a vote on it right now.

Mr. McNARY. I think the Senator from Maine will conclude his remarks in a few moments, and then the Senator from Tennessee can submit his request.

Mr. LONG. Mr. President, if the Senator will yield, I inquire what is the parliamentary status?

The VICE PRESIDENT. The Senator from Maine did not yield to the Senator from Tennessee to demand the regular order. The Senator from Maine still has the floor.

Mr. LONG. Mr. President, will the Senator yield to me for just a moment?

Mr. HALE. I yield for a question.

Mr. LONG. I see we are going to get in an impasse here. It is very evident that the Senator from Tennessee feels offended, and not without considerable justification. I am hoping to get a speedy disposition of the bill, but we seem to have come to the point where the Senator from Tennessee, having given his own consent to having the pending bill come up out of order, naturally feels that he should be granted some measure of indulgence so that the amendment may be considered. As I have said, it seems to me we are reaching an impasse, and I really think we are just losing time and might as well go back to the banking bill and hasten along with the Senate's business.

Mr. COUZENS. Mr. President, I insist that the rule be observed and that the occupant of the floor not yield for a speech.

The VICE PRESIDENT. The Senator from Michigan objects to the Senator from Maine yielding for anything except a question. The Senator from Maine will proceed.

Mr. HALE. Mr. President, before I conclude I should like to say further that haste in the settlement of claims for refunds saves money for the Government. At the present time the Treasury is obtaining money on short-term notes for something like seventy-five one-hundredths of 1 per cent, while the rate it has to pay on refunds is 4 per cent. Inevitably, if all claims for refunds, or all the claims involving refunds of over $5,000, have to go before the Board of Tax Appeals there will be a very considerable delay in settling them, because before the Board of Tax Appeals not only the Government but the taxpayers themselves will want to be heard, and it will result in very considerable increase in cost to the Government on account of the cases that may be delayed.

Personally I feel that the utmost care is taken in the Treasury Department at the present time to protect the interests of the Government in paying refunds. I feel that the joint commission of Congress does a very valuable work in connection with the cases that are submitted to it, and I do not think it would improve conditions in any way if the Board of Tax Appeals were given jurisdiction. I am sure that if that were done it would involve very great expense to the Government and I doubt if there would be any improvement in the manner of handling tax refunds. So I very much hope that the amendment of the Senator from Tennessee will not prevail.

Mr. COUZENS. Mr. President, I dislike to disagree with my friend from Tennessee [Mr. McKELLAR] because we have fought side by side for many years in an effort to protect the Treasury from what we have heretofore considered illegal and improper tax refunds. However, I should like the indulgence of the Senator from Tennessee to point out to him for a moment that the efforts of the special or select committee of the Senate, which has spent years and a great deal of money in trying to safeguard and improve the manner of making refunds and credits in the Treasury Department, have brought about a correction of the evils that existed at that time. I wish to say, further, that, so far as I can ascertain from almost continuous touch with the situation, conditions have been remedied.

The Senator, of course, can shake his head, but I want to point out to him——

Mr. McKELLAR. I did not mean any disrespect to the Senator in shaking my head; I merely meant to indicate that I differ with him.

Mr. COUZENS. I merely wish to point out the impracticability of the Senator's amendment. I am perfectly willing to throw about the Treasury any protection against improper payment of refunds that is practicable, but, as has already been pointed out, there are from 40,000 to 50,000 claims filed each year. The Board of Tax Appeals is in fact a court, and, if the taxpayer and the Internal Revenue Commissioner agree, as they obviously have to do on questions of abatement and of refund and of credits, then there is nothing to contest before the Board of Tax Appeals; in other words, the parties in interest are all agreed and there is nothing to decide. However, if the proposed amendment of the Senator from Tennessee should prevail, not only would the Board of Tax Appeals have to duplicate all the functions of the Bureau of Internal Revenue, but the cases would have to be discussed for days and days in open court.

Mr. McKELLAR. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Tennessee?

Mr. COUZENS. I yield for a question. I can not yield for a speech.

Mr. McKELLAR. In a particular case that would be true. Still it is also true in every case the Board of Tax Appeals passes upon that it has to go into the action of the Treasury in collecting the tax.

Mr. COUZENS. Mr. President, the Senator is inaccurate in that respect, because the Board of Tax Appeals does not employ auditors and accountants to go into the field and verify the figures that are submitted by the Treasury Department or by the taxpayer.

Mr. McKELLAR. Did the Senator ever have any experience with the board?

Mr. COUZENS. I have had perhaps as great an experience as anybody in this body has had.

Mr. McKELLAR. I thought I remembered that the Senator had had an experience of that kind; but I recall a case last summer where a representative of the Board of Tax Appeals visited Memphis, Tenn., and went through every paper in a certain tax case. He had the most remarkable grasp of the question of any young man I think I ever saw, and while I do not recall what the settlement was I think it was entirely satisfactory to everybody concerned. I myself was not directly concerned, but I know that the representative of the Board of Tax Appeals went into every species of auditing in connection with that account.

Mr. COUZENS. The Senator is quite correct about that, but I mean they do not go into the books themselves. They take the figures submitted to them by the contestants. However, I am trying to point out to the Senator if the taxpayer and the Commissioner of Internal Revenue agree, as they obviously have to agree in the case of abatements and refunds, then what is there for the Board of Tax Appeals to decide?

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Michigan yield to the Senator from Tennessee?

Mr. COUZENS. I ask the Senator that question.

Mr. McKELLAR. I shall be very happy to answer it.

The trouble about the matter is that the Commissioner of Internal Revenue, whose duty it is to pass upon these cases, never passes upon a single case himself; or, at least, that was the testimony of Mr. D. H. Blair, of North Carolina, who for a number of years was Commissioner of Internal Revenue. He said that he never passed on a single case—not even one involving $59,000,000.

Mr. COUZENS. Mr. President, that $59,000,000 case was thoroughly analyzed by the select committee of the Senate during its investigation of the Bureau of Internal Revenue. In other words, the staff of the select committee analyzed the amortization, the obsolescence, the depreciation, the earnings, the intercorporate earnings of all of the subsidiaries of the Steel Corporation, and was responsible for cutting down the amount to a material extent before the Congress authorized the creation of the Joint Committee on Internal Revenue Taxation.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Tennessee?

Mr. COUZENS. I can not yield unless the Senator wants to ask a question, because I raised the question before.

Mr. LONG. Mr. President, I desire to ask the Senator a question.

Mr. COUZENS. I yield for that purpose.

Mr. LONG. Who does pass on these big $59,000,000 refunds that the Senator spoke about? The Senator from Michigan heard what the Senator from Tennessee said yesterday.

Mr. COUZENS. Yes.

Mr. LONG. Who does pass on them? It seems that it is a mystery. Who does pass on them?

Mr. COUZENS. If the Senator had had the experience with the Treasury Department that I have had he would know that they have a large staff, headed of course, by the Secretary of the Treasury and the Assistant Secretary in charge of the Bureau of Internal Revenue, the Commissioner of Internal Revenue, and several Deputy Commissioners of Internal Revenue, with a Solicitor of Internal Revenue. These accounts all have to be first audited by accountants. They determine and settle upon the figures, as to whether they are accurate. Then, if there is a question raised as to the proper interpretation of the law, they have attorneys in the solicitor's office to pass upon the legal question. They go through these matters, and the legality of the refunds is passed upon by the solicitor of the department.

Mr. LONG. Mr. President, if I may have the attention of the Senator from Tennessee—because I may have misunderstood him—as I understood, the Senator from Tennessee said yesterday that neither the Commissioner of Internal Revenue nor the Secretary of the Treasury nor the solicitor nor any of the rest of them would take any responsibility for these refunds.

Mr. McKELLAR. Mr. President, on yesterday I stated, and I stated in a speech before the Senate in 1930, that I had Mr. Mellon, the then Secretary of the Treasury; Mr. Bond, the Assistant Secretary of the Treasury in charge of the Bureau of Internal Revenue; Mr. Blair, the Commissioner of Internal Revenue; and the Solicitor of the Treasury summoned before the Appropriations Committee specifically about the $59,000,000 refund that was made one Friday night. I will repeat the substance of it.

Mr. COUZENS. Mr. President, that is in the RECORD. I heard that, and I heard the Senator speak of it yesterday.

Mr. McKELLAR. I just wanted to give the facts if the Senator wants to hear them. If he does not, all right.

Mr. COUZENS. I heard the Senator.

Mr. McKELLAR. I know the Senator did.

Mr. COUZENS. I am just as much interested in the subject as the Senator is; but, obviously, when an interpretation of the law has been adopted by the Treasury Department, when a formula has been agreed upon for determining obsolescence or amortization or the methods of arriving at taxes, it is not necessary that the head of the department pass upon the determination of all those things. I mean the entire policy has been settled and determined; and then not only the field agents but the agents in the district and all of the staff audit the account of the taxpayer, submit the audit to the Washington office, and compare it with the taxpayer's return. That is purely an auditing system. Obviously, neither the Secretary of the Treasury nor the Commissioner of Internal Revenue can go over all of those figures, nor could the Board of Tax Appeals or any other agency do so, unless all of the work was to be duplicated.

So what I should like to do, Mr. President, if the Senator from Tennessee would agree to it, would be to amend his proposal in such a way that instead of having these claims go before a board, the Treasury Department, before making any refunds at all in excess of $5,000, shall be required to

submit them to the staff of the Joint Committee on Internal Revenue Taxation.

Mr. President, for years, since the creation of the joint committee, I have kept in constant touch with the activities of the joint committee through their staff, which, in part, is made up of the staff who went through with the select committee that investigated the Bureau of Internal Revenue. If every one of these claims in excess of $5,000 is required to be passed on by the Joint Committee on Internal Revenue Taxation, they will know without having to audit all the figures that the rules and regulations and the law are being carried out. I do not think the Senator from Tennessee can expect any more than that.

Mr. McKELLAR. Mr. President——

Mr. COUZENS. I yield to the Senator.

Mr. McKELLAR. No; I wanted to make a unanimous-consent request.

Mr. COUZENS. I was about to ask the Senator if he would consider such a proposal.

Mr. McKELLAR. Mr. President, the trouble with the matter is that the staff of the Joint Committee on Internal Revenue Taxation has no power to change the figures of the department; and as long as it has no such power, it would be, to my mind, a useless and utterly ineffective way of managing the matter.

I will say this: I am going to ask unanimous consent in a moment for the suspension of the rules to let this amendment come before the Senate and be voted on. If the Senator wishes to set up another commission, or even an independent head, like Mr. Parker, or some sort of a body with Mr. Parker at the head of it, I am rather content to agree to that if the Senate agrees to it. I doubt the wisdom of doing that. I think it would be better to let this work go to the Board of Tax Appeals; but we can discuss that after consent has been given to pass upon this amendment.

Mr. COUZENS. I quite agree that that is true—that the matter should be discussed after consent is given; but I want to point out to the Senator that it is wholly impracticable to go before the Board of Tax Appeals. How could 50,000 cases a year be taken before the Board of Tax Appeals and passed upon after an agreement had been entered into between the commissioner and the taxpayer?

Mr. McKELLAR. At one of the yearly periods when this matter comes up I took occasion to talk to the chairman of the Board of Tax Appeals; and he said that he not only could do it, but that in his judgment it was the only way in which the rights of the Government and the taxpayer could be protected.

Mr. COUZENS. Of course, if the staff of the Board of Tax Appeals is increased to the same extent as the number of employees in the Internal Revenue Bureau, they could do the work; but under the Senator's plan all the work that is done in the Bureau of Internal Revenue would have to be done over again.

Mr. McKELLAR. Oh, no; I think not. They do not do it all over again in the cases that come before them, whether the department turns down the taxpayer or not.

Mr. COUZENS. No. The reason they do not is because there is a contest on, and both sides are presenting their cases; but there would be no contestant under the Senator's proposal.

Mr. GLASS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Virginia?

Mr. COUZENS. I yield to the Senator.

Mr. GLASS. I can not supplement anything the distinguished Senator from Michigan has said—he has made the case clear—further than to suggest that the whole implication here is that there is nobody honest in the Treasury and there is nobody honest in the Joint Committee on Internal Revenue Taxation, or, if they be honest, that they are utterly inefficient——

Mr. McKELLAR. Mr. President——

Mr. GLASS. Because the process is as thorough, I think, as the ingenuity of the Congress can make it. What assurance have we that the Board of Tax Appeals is not either dishonest or inefficient, or that, with its present staff or an increased staff, it could be any more thorough in the examination of these claims than those officials now charged under oath with their examination and determination with the taxpayer?

The members of the Board of Tax Appeals have been spoken of here by the Senator from Tennessee as the creatures of the Secretary of the Treasury. They are not at all. They are appointed by the President of the United States by and with the advice and consent of the Senate. They are not creatures of the Secretary of the Treasury.

Mr. COUZENS. If I may make a suggestion to the Senator at that point, I think at that time there were quite a number of Senators, including the Senator from Tennessee and myself, who feared that they were the creatures of the Treasury Department because their appointments were made on the recommendation of the Secretary of the Treasury.

Mr. McKELLAR. I made no such suggestion.

Mr. GLASS. That is an assumption; but the Senator from Michigan will recall that I had incorporated in the law, in order to make it an independent body—if I may speak of my own activity—a provision that no attaché of the Treasury who had theretofore been charged with the business of reviewing these cases should become a member of the Board of Tax Appeals.

Mr. COUZENS. I recall it; and the Senate agreed to the Senator's amendment, as I recall.

Mr. GLASS. Yes.

Mr. COUZENS. And it is now in the law.

Mr. GLASS. It is now a part of the law.

Mr. COUZENS. That is true.

Mr. GLASS. Moreover, my interest in the matter was further reflected in a provision of law which reduced from five to three the number of years that the Treasury Department might pester the taxpayers of this country and interfere with their business. I think even the amendment proposed by the Senator from Michigan would involve an infinite amount of work by the Joint Committee on Internal Revenue Taxation. The amendment as proposed by the Senator from Tennessee would impose an impossible task on the Board of Tax Appeals and the Treasury Department.

Mr. President, the vice of this whole system is not so much in tax reforms as it is in tax extortion—taking from the taxpayer, as the Senator from Michigan personally knows, thousands of dollars to which the Government is not entitled, and, under the unjust text and operation of the law itself, exacting from the taxpayer in case of error an interest charge that the Government is not willing to endure itself in the case of error on the part of the public officials.

What we ought to do, in my judgment, is this: We should carefully and searchingly revise the law so as to prevent, if possible, these extortions by the Government from the taxpayer, this thing of jeopardy assessments by some minion in the Treasury Department assuming that the taxpayer owes vastly more than he does owe, and thereby imposing a jeopardy assessment, which necessitates expensive action and burdensome delay upon the part of the taxpayer himself.

The Senator from Tennessee is quite correct in stating that this has become a business; and why has it become a business? It has become a business because of these jeopardy assessments. It has become a business because the city of Washington is filled now with legal tax experts whose services must be retained by taxpayers to recover from the Government taxes unjustly levied and extorted.

Mr. COUZENS. Mr. President, the Senator will, of course, recognize that if the proposal of the Senator from Tennessee should prevail, there would be business for literally thousands more of the same kind of tax grafters who now hang around Washington, because they would have to represent taxpayers before the Board of Tax Appeals.

Mr. McKELLAR. Mr. President, will the Senator yield to me?

Mr. COUZENS. I yield.

Mr. McKELLAR. I think the Senator is mistaken about that. Whenever these tax refunds are brought out into the open, where the taxpayer has to make out a case and where

the Government has to make out its case, in fairness, before a proper tribunal, we will see the tax refunds falling like leaves in Vallombrosa.

Mr. COUZENS. Mr. President, I am asking the Senator, If there is no disagreement, what do they contest before the Board of Tax Appeals? What is the contest about? What do they present?

Mr. GLASS. Mr. President, right there may I ask the Senator from Michigan, with his consent, how much more public are the sessions of the Board of Tax Appeals than the operations of the various officials of the Treasury in determining in a preliminary way these tax cases? Are we to have a Board of Tax Appeals that will sit on the Mall, in the open?

Mr. COUZENS. I think that is a perfectly proper question for the Senator to raise, but I am afraid the Senator and I have not been in agreement, although the Senator from Tennessee and I have been in agreement in the view that these records should be public records.

Mr. GLASS. I have no objection to that.

Mr. COUZENS. There would be no question about whether there were improper or illegal refunds made if the records were public.

Mr. GLASS. The Senator is mistaken if he thinks I am in disagreement with that.

Mr. COUZENS. I beg the Senator's pardon. I thought he voted against making these records public records.

Mr. GLASS. No; I am not at all in disagreement with that.

Mr. COUZENS. I am very glad indeed to hear that.

Mr. GLASS. I was in disagreement with the proposition that the borrowings of banks from the Reconstruction Finance Corporation should be blazoned to the public, because I thought that was fraught with great danger, in this time of stress, to these banking institutions. Only this morning I had a letter from a prominent banker of Maryland deploring that publicity, and saying that many banks were failing every day because they were not willing to have it known that they were in such condition of distress as that they had to appeal to the Reconstruction Finance Corporation.

About this matter, however, I have never been in disagreement with the Senator, and the Senator will recall that I supported his proposal to raise this special committee to make inspection of the records.

Mr. COUZENS. I beg the Senator's pardon. I thought the Senator had voted against the efforts of some of us to have these income-tax returns made public records. If it were not for the secrecy maintained in the Bureau of Internal Revenue, this constant doubt of the integrity of the officials of the Bureau of Internal Revenue and the Treasury Department would not be in the public's mind. I am unable to conceive why the Treasury Department should oppose, and constantly and continually oppose, making income-tax returns public, when, as a matter of fact, that very thing keeps them under suspicion all the time.

Mr. LONG. Mr. President, I would just like to ask the Senator, What is the natural suspicion when a man wants to hide what he is doing?

Mr. COUZENS. That he wants it kept secret, of course.

Mr. LONG. And why? When he is making out a check for $500,000 to himself, what is the reasonable supposition? Let us talk sense here. Why do they want to keep it hidden all the time?

Mr. COUZENS. Of course, the Senator has not been here long enough——

Mr. LONG. I do not have to be here to know the rule of humanity. They hide what they do not want known.

Mr. COUZENS. I understand. If the Senator had been here longer, he would have been familiar with all the arguments—I can not enumerate them here in a few minutes—against making these income-tax returns public records. We have had that question up ever since I have been in the Senate. We have spent hours and hours in discussing it, and we have had vote after vote about whether income-tax records should be public records or whether they should be maintained in secrecy. The Senator from Tennessee [Mr. McKELLAR] and the Senator from Nebraska [Mr. NORRIS] and a number of the rest of us have been constant and vigorous proponents of making income-tax returns public records. That has been resisted by the Treasury Department and big business all the time, and we have never been able to get enough votes to make the records public.

I insist, Mr. President, that if those records were public, so that anybody who doubted the wisdom of a settlement or a tax could go to the department and look into the matter for himself, there would be no doubt raised about these refunds and credits, which in most cases are perfectly justified in the interest of the taxpayer.

Mr. WALSH of Massachusetts. Mr. President, it was my impression that the records were made public for a time, and that the law providing for publicity was in the following session repealed.

Mr. COUZENS. The Senator overlooks the fact, I think, that that provision was a joker put into a revenue act. The joker was to the effect that the amount of the return was to be published, but the return itself was not to be opened to analysis.

Mr. WALSH of Massachusetts. The amount each taxpayer paid was to be made public, but not the details of the taxpayer's return.

Mr. COUZENS. Oh, yes; but that was not effective.

Mr. WALSH of Massachusetts. I think it was the intent of Congress at that time that the returns should be open to public inspection upon public inquiry, as are other public records; but, for the purpose of creating opposition against the action of Congress, the Treasury Department gave to the press a complete list of the taxpayers all over the country and the amounts they paid.

Mr. COUZENS. The Senator is quite correct—that after this joker was put into the revenue act, the Treasury Department, in collusion with those who were opposed to the publication of the returns, entered into a conspiracy to defeat making public income-tax returns.

Mr. WALSH of Massachusetts. And later the so-called joker was repealed.

Mr. COUZENS. That is correct.

Mr. WALSH of Massachusetts. So that now all income-tax returns are secret.

Mr. COUZENS. There is no difference between the Senator from Tennessee and myself in our aims, but I have been trying to emphasize to the Senator that his amendment is wholly unworkable and would not accomplish the purpose he desires.

Mr. McKELLAR. Mr. President, I am quite sure that the Senator is in error about that; but let that be laid aside for a moment.

If the Senator would be willing to give the Joint Committee on Internal Revenue Taxation full power, not only to pass upon the cases but to see that these payments are legal and correct, give them full authority to pass upon the cases, I might be willing to talk to him about making a change in my amendment. But the Senator knows, as I know, that at present that committee has no authority to change a figure, and as long as that is so, referring a case to such a commission would be of absolutely no use. It has not been of the slightest use since 1926, and it would be a wholly useless thing to refer cases to a committee which had not the power to change a figure.

Mr. COUZENS. Does the Senator from Tennessee intend to convey the idea that the existing law, which prohibits a refund in excess of $75,000 being paid without the consent of the Joint Committee on Internal Revenue Taxation, is in fact void?

Mr. McKELLAR. No.

Mr. COUZENS. The Senator is making statements which are not in accordance with the facts or the law.

Mr. McKELLAR. No; the Senator is mistaken about that.

Mr. COUZENS. In what respect? A revenue act we passed provided that no refunds in excess of $75,000 could be made except with the consent of the joint committee.

Mr. McKELLAR. Thirty days after the matter had been referred to the committee.

Mr. COUZENS. Certainly, but if in the interim the Joint Committee on Internal Revenue Taxation opposed the refund, it was not made.

Mr. McKELLAR. But they had no right to stop it.

Mr. COUZENS. They did stop some, and whether the exact language is in accordance with the views of the Senator from Tennessee or not is not the important fact, because in actual practice the Treasury Department have made no refunds which have been objected to by the staff of the Joint Committee on Internal Revenue Taxation.

Mr. McKELLAR. I wonder whether the Senator would be willing to have me make a statement about that very thing. This is what happened. Does not the Senator recall that after taking the testimony of Mr. Mellon, Mr. Blair, Mr. Bond, and the Solicitor of the Treasury, all of it was read here on the floor? I think I read most of it. That testimony shows just what the facts were. Then the Senate acted. I think, if I remember correctly—and I am depending purely upon my memory—the only Senators who voted against it were Senator Smoot, Senator Sackett, and Senator Edge.

The Senate overwhelmingly inserted a provision somewhat similar to the one I have now in the pending amendment, placing the matter in the hands of the Board of Tax Appeals. The Senate voted that way. The Senator from Michigan voted with me. But Mr. Mellon came down before the conferees, or sent some word to the conferees, and got that changed, and it was changed to this ineffective method of dealing with the situation by a legislative board which rarely ever meets and which, according to the Senator from Mississippi [Mr. HARRISON], who claimed for it more than anybody else has ever claimed, saved a million dollars out of four thousand million.

Mr. COUZENS. But the Senator must assume in that statement that the Treasury Department submits claims which are entirely improper and illegal. If the Treasury Department does its work properly and submits claims that are legal and proper, then just how can the Joint Committee on Internal Revenue Taxation resist payment? If the staff of the joint committee approves of these refunds—and the staff is the important element of the work—and says that the policy and the law are being followed, then there is nothing further to do. In other words, the staff of the Joint Committee on Internal Revenue Taxation does in no sense maintain field men or auditors or accountants to go all through the work which has theretofore been passed on by the Bureau of Internal Revenue.

Mr. WALSH of Massachusetts. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Massachusetts?

Mr. COUZENS. I yield.

Mr. WALSH of Massachusetts. I understand the Senator's position to be that the object which the Senator from Tennessee has in mind will not work out in practice and be of public benefit because of the present proceeding.

Mr. COUZENS. The Senator is quite correct.

Mr. WALSH of Massachusetts. Will the Senator indulge me while I state a case showing that at the present time the Board of Tax Appeals has control of the situation but does not act? If the commissioner assesses a deficiency against the taxpayer, the taxpayer can appeal to the Board of Tax Appeals.

Mr. COUZENS. That is true.

Mr. WALSH of Massachusetts. If the taxpayer and the commissioner stipulate as to the refund, the Board of Tax Appeals holds no investigation and makes no study or consideration of the matter, but merely approves it.

Mr. COUZENS. That is true. There is no dispute, and they are there only to settle disputes.

Mr. WALSH of Massachusetts. What the Senator is seeking to do will make no change whatever in refunds which are the result of stipulations entered into between the parties in that way.

Mr. COUZENS. That is true. Another thing in practice is that the $4,000,000,000 to which the Senator from Tennessee and others have referred represented in most cases and were made up of abatements. I want to point out to the Senate the great difference between an abatement and a refund.

Mr. WALSH of Massachusetts. I wish the Senator would do so.

Mr. COUZENS. I have no desire to go into personalities, but with my associates in the Ford Motor Co. we had an assessment of over $30,000,000 made against us. If it had never gone before the Board of Tax Appeals and the Secretary of the Treasury or the Commissioner of Internal Revenue had abated that assessment after finding they had made an error, which they did not do, it would have gone into the list of abatements when there was never any justification in the first instance for the assessment. When we take into consideration the fact that much more than half of the $4,000,000,000 is made up of abatements, and not refunds, it will be understood that it includes the jeopardy assessments and other assessments which were made to protect the Government and then found to have been made in error.

Mr. WALSH of Massachusetts. If the Senator and his associates had entered into a stipulation with the commissioner to compromise the abatement, it would have received the approval of the Board of Tax Appeals as a matter of form even if the compromise was unfavorable to the public.

Mr. COUZENS. As a matter of fact, it would not have gone to the Board of Tax Appeals. There was nothing for them to decide. The Board of Tax Appeals only decide contests between a taxpayer and the Government.

Mr. WALSH of Massachusetts. If the commissioner had assessed a deficiency in the case of the Senator and the Senator immediately appealed to the Board of Tax Appeals, and later the commissioner and the taxpayer, being the Senator, got together and entered into any stipulation adjusting that claim, it would have received the approval of the Board of Tax Appeals without any argument or discussion about it, would it not?

Mr. COUZENS. That is entirely correct. That is exactly what happens in a lawsuit before a court. When the litigants get together and agree the court has no further interest in the matter. In the matter the Senator from Tennessee has pointed out, when contestants get together there is nothing for the Board of Tax Appeals to decide. If the Senator's proposal were adopted, just what could be argued before the Board of Tax Appeals? The matter would be presented to the board, but there would be no argument or public discussion as to the merits of the proposed refund.

In an effort to protect the Treasury Department to the extent that the Senator from Tennessee and I both desire, I propose that none of this money—and what the Senator desires is to protect this particular appropriation—shall be used for the purpose of refunds until the refunds have been approved by the Joint Taxation Committee. That relates to this specific appropriation and no more. It seems to me that will answer the purpose of the Senator from Tennessee. It would be a law which would take care of no other cases than those covered by this specific appropriation. If the Senator wants to get this through, I would like to have him submit a unanimous-consent agreement and let it apply to this particular appropriation. Then if we want to revise substantive law that is another matter.

Mr. McKELLAR. If the Senator is addressing his question to me, I would be unwilling to do that unless the joint committee is given full power to act in any given case. The mere examination to see whether in its opinion the refund is all right, without any power to correct the matter, would be of no value. It would be utterly useless.

Mr. COUZENS. But none of the appropriation could be paid out until that was done.

Mr. McKELLAR. But under existing statute, which is not interfered with by the proposed amendment of the Senator,

unless the claim was acted on by the joint committee within 30 days, it stood and the money would be paid out.

Mr. COUZENS. But this is a different provision.

Mr. McKELLAR. I have not seen the Senator's amendment.

Mr. COUZENS. I am speaking of the Senator's own provision as published in the RECORD last night. It refers to this particular appropriation and nothing more.

Mr. McKELLAR. Of course, that is all it can refer to.

Mr. COUZENS. That is all I am seeking to have my proposal relate to.

Mr. McKELLAR. I would be very happy to change the amendment so as to have it read that "hereafter no appropriation for refunds," and so forth, making it of general application.

Mr. COUZENS. I think that it ought to be a matter of general legislation and not attached to a particular appropriation bill. But the Senator proposes it only as to the particular money appropriated in this particular bill.

Mr. McKELLAR. Why offer an amendment to do that when the committee has that authority now?

Mr. COUZENS. Then why have these particular cases aggregating some $28,000,000 go to the Board of Tax Appeals when all the rest are eliminated from the consideration of the Board of Tax Appeals?

Mr. McKELLAR. I hope by my amendment, if I get it through, finally to make it a matter of general law.

Mr. COUZENS. I would be glad to join the Senator in that effort; but in this particular bill, confined to these particular appropriations, I think the Senator is going to extremes in trying to require that just these refunds shall be considered, that these particular taxpayers shall be required to go before the Board of Tax Appeals, when none other has been required to go before the Board of Tax Appeals.

Mr. McKELLAR. Mr. President, I ask unanimous consent that the rule may be suspended and that the amendment and any alterations thereof which may be desired by any Senator may be voted on in the regular way.

Mr. COUZENS. Mr. President, before that question is submitted, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Kendrick	Sheppard
Austin	Cutting	King	Shipstead
Bailey	Dale	La Follette	Shortridge
Bankhead	Dickinson	Lewis	Smith
Barbour	Dill	Logan	Smoot
Barkley	Fess	Long	Steiwer
Bingham	Fletcher	McGill	Swanson
Black	Frazier	McKellar	Thomas, Idaho
Blaine	George	McNary	Thomas, Okla.
Borah	Glass	Metcalf	Townsend
Bratton	Glenn	Moses	Trammell
Broussard	Goldsborough	Neely	Tydings
Bulkley	Gore	Norbeck	Vandenberg
Bulow	Grammer	Norris	Wagner
Byrnes	Hale	Nye	Walcott
Capper	Harrison	Oddie	Walsh, Mass.
Caraway	Hastings	Patterson	Walsh, Mont.
Carey	Hatfield	Pittman	Watson
Cohen	Hayden	Reynolds	Wheeler
Connally	Hebert	Robinson, Ark.	White
Coolidge	Howell	Robinson, Ind.	
Copeland	Hull	Schall	
Costigan	Johnson	Schuyler	

The PRESIDENT pro tempore. Eighty-nine Senators having answered to their names, a quorum is present. The Chair understands the Senator from Tennessee to have withdrawn his motion to suspend the rule and to be asking unanimous consent now for the purpose of introducing an amendment.

Mr. McKELLAR. Yes; an amendment on page 13, line 3. At the suggestion of the Senator from Michigan [Mr. COUZENS], I am going to change the form of the amendment, which I now submit. I move to amend, in line 3, page 13, by adding the following proviso:

Provided, That refunds and credits shall be referred to the joint committee. No refund or credit of any claim, war-profits, or estate or gift tax in excess of $5,000 shall be made after the enactment of this act until such refund or credit proposed by the Treasury Department is submitted to the Joint Committee on Internal Revenue Taxation. The said committee or its staff shall have full power to have all the facts and papers before it and pass on the case de novo, and its decision shall be final. A report to the Congress shall be made annually by such committee of such refunds and credits, including the names of all persons and corporations to whom amounts are credited or payments are made, together with the amounts credited or paid to each.

The Senate will see, Mr. President, that that is the method of dealing with this matter suggested by the Senator from Michigan, with three changes. The first is the amount is decreased from $75,000 to $5,000. The second is that the present law makes the report of the Internal Revenue Commissioner final if it is not dissented from by the committee in 30 days. In lieu of that I insert the following language:

The said committee or its staff shall have full power to have all the facts and papers before it and pass upon the case de novo, and its decision shall be final.

Mr. FESS. Mr. President, will the Senator from Tennessee yield to me?

The PRESIDENT pro tempore. The Chair understands the parliamentary situation to be that, although the Senator from Tennessee has not formally withdrawn his motion——

Mr. McKELLAR. That is correct.

The PRESIDENT pro tempore. His request for unanimous consent is tantamount to such withdrawal. The Chair would add, however, that, in the event unanimous consent is not granted, the Senator from Tennessee will be at liberty to renew his motion.

Mr. McKELLAR. Absolutely.

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Ohio?

Mr. McKELLAR. I do.

Mr. FESS. The Senator provides in his amendment that the decision of the committee or its staff shall be final?

Mr. McKELLAR. Yes.

Mr. FESS. Does that eliminate entirely resort to the Board of Tax Appeals?

Mr. McKELLAR. None of these cases will go before the Board of Tax Appeals. This is a separate matter. My amendment, if adopted, will not interfere with the present jurisdiction of the Board of Tax Appeals at all.

Mr. HALE and Mr. KING addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Tennessee yield; and if so, to whom?

Mr. McKELLAR. I yield first to the chairman of the committee.

Mr. HALE. Mr. President, I wish to say that I am not in favor of the amendment proposed by the Senator from Tennessee, but in view of the imperative importance of securing prompt action upon this appropriation bill, in order to take care of suffering people in Washington, I will not insist upon my right, but will consent to the amendment.

Mr. McKELLAR. I thank the Senator.

Mr. KING. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Utah?

Mr. McKELLAR. I yield.

Mr. KING. If I understand the amendment just offered by the Senator from Tennessee, it is, in substance, that there shall be no trial before the Board of Tax Appeals of the controversial questions which we have been discussing, but that the Joint Tax Committee or commission shall rather serve as an appellate body, and after they have tried the matter de novo, where the amount in controversy is $5,000 or more, their decision shall be final?

Mr. McKELLAR. That is substantially correct, as I explained a while ago.

Mr. COUZENS. Mr. President, will the Senator from Tennessee yield to me?

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Michigan?

Mr. McKELLAR. Yes; I yield.

Mr. COUZENS. May I suggest that I think the word "final" is rather unfortunate, and if allowed to remain in the amendment would raise a doubt in the minds of some Senators. I wonder if the Senator from Tennessee would

not change the language so as to read that no refund shall be made without the approval of the Joint Tax Committee? Then the regular procedure as to the Board of Tax Appeals may be retained.

Mr. McKELLAR. Does the Senator mean to strike out the words "that their decision shall be final"?

Mr. COUZENS. Yes; and to insert the words "that no refund shall be made without their approval."

Mr. McKELLAR. I desire it to read that no refund shall be made until the joint committee shall have passed upon the matter as herein provided.

Mr. COUZENS. I do not object to that, but making their decision final raises a question.

Mr. McKELLAR. If the Senate will indulge me a moment, I will change the language.

The PRESIDENT pro tempore. May the Chair suggest that the official reporter reduce the amendment to writing so that it may be read for the information of the Senate.

Mr. McKELLAR. The amendment has been hastily drawn during the debate. The Senator from Michigan made a very wise suggestion.

Mr. LONG. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Louisiana?

Mr. McKELLAR. I yield.

Mr. LONG. I was going to suggest that inasmuch as the Senator is going to reduce the amendment to writing, we permit it to be reduced to writing, and in the meantime proceed with the regular order until he has perfected the amendment.

The PRESIDENT pro tempore. Does the Chair understand the Senator from Louisiana to demand the regular order?

Mr. LONG. I do not demand the regular order unless the Senator from Tennessee desires further time to prepare the amendment.

Mr. McKELLAR. The amendment can be prepared in a moment.

Mr. LONG. If it can be arranged in a moment, that will be all right.

Mr. KING. Mr. President, will the Senator from Tennessee yield to me?

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Utah?

Mr. McKELLAR. I yield.

Mr. KING. I should like to inquire of the chairman of the Committee on Appropriations, the Senator from Maine [Mr. HALE], while the Senator from Tennessee is perfecting his amendment, with reference to the appropriation carried in line 13, page 23, of the pending bill:

For foreign mail transportation, $10,493.36.

I ask the Senator whether that goes to some of the shipping companies that are now receiving enormous subsidies and if it is a valid appropriation and what is the occasion for it?

Mr. HALE. Will the Senator give me the page?

Mr. KING. The item is on page 23, line 13.

Mr. HALE. Mr. President, this is an audited claim. The committee does not go into audited claims and has never done so. Such claims simply come up to us and we have to put them in the bill.

Mr. KING. Will the Senator please advise us what is the function of the so-called auditing committee and how it is that their decision becomes a finality and the Appropriations Committee becomes a mere rubber stamp to write into the law their audit?

Mr. HALE. These claims are all approved, Mr. President, by the comptroller before they come here, and they are paid as a matter of law.

Mr. KING. That would simply mean, if I understand the Senator, that there is some law which authorizes the approval by the comptroller of the claims presented; but what I am trying to get at is whether this is some additional claim?

Mr. HALE. The act of July 7, 1884—I will endeavor to secure immediately a copy of that act.

Mr. KING. While the Senator is trying to get the statute I will make a further observation.

Mr. President, some of us believe that contracts which have been made by the Postmaster General with respect to shipping companies have been very improper and have mulcted the Government of the United States out of many million dollars. I have upon my desk a number of these contracts and the figures showing the appropriations which have been made involving large sums, amounting to hundreds of thousands of dollars annually for carrying a few pounds of mail, less than a thousand pounds of mail, for inconsequential distances. I was wondering if this appropriation was to go to some shipping company on account of claims which they have submitted in addition to the claims which they make under their contracts.

Mr. HALE. I can not answer the Senator's question. The claims come up to us, and, under the law, they are payable by the Government.

Mr. KING. Mr. President, I sincerely hope that the Committee on Appropriations—and I know that my dear friend will accept the suggestion which I make in good faith—will make some inquiry into these claims.

Mr. HALE. The Committee on Appropriations, Mr. President, is simply following the course the committee has always followed in such matters.

Mr. KING. It may be entirely proper for the Appropriations Committee to accept the ipse dixit of some official of the Government and report an appropriation bill carrying audited claims. I think, however, Mr. President, for the enlightenment of some of us who are not upon the Appropriations Committee, if not for the benefit of the committee itself, that the committee should make inquiry into these various appropriations and ascertain their validity so that they could make some explanation.

I understand that if a judgment comes from the Court of Claims for $1,000,000, the committee accepts the certification of the clerk of the court, and recommends the appropriation accordingly, without inquiring into the validity of the judgment.

Yet there are so many of these claims being preferred against the Government, I should be very glad if the committee would make some little investigation into these claims to ascertain whether they are just or otherwise.

Mr. HALE. I will be very glad to take the matter up with the committee.

Mr. LONG. Mr. President, in view——

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Louisiana?

Mr. KING. I yield the floor.

The PRESIDENT pro tempore. The Senator from Louisiana is recognized.

Mr. LONG. I should like to ask in order to avoid any controversy on the matter whether or not within a relatively short time the information can not be secured for the benefit of the Senator from Utah?

Mr. KING. I do not want it for my own benefit alone.

Mr. LONG. I mean for the benefit of the Senate as well.

Mr. HALE. I do not think the Senator wants to hold the bill up for that purpose.

Mr. LONG. I am merely trying to expedite matters. We are all waiting on the Senator from Tennessee to perfect his amendment, and the Senator from Utah wants information on another subject. So it would seem to me that it would expedite the bill to proceed with the regular order until this little matter can be whipped into shape.

Mr. HALE. I think the Senator from Utah is satisfied in this particular instance. He is merely suggesting procedure for the future.

Mr. LONG. I do not insist on making the suggestion.

Mr. KING. Mr. President, I will say frankly to the Senator in charge of the bill that these appropriations made to shipping companies, which are receiving large subsidies, arrest my attention because I have felt for a number

of years that contracts were being let by the Postmaster General which were improvident and which carried sums largely in excess of what were just or proper. I have before me a statement made by Hon. RALPH F. LOZIER, of Missouri, appearing in the CONGRESSIONAL RECORD of December 30, in which reference is made to a large number of these companies and to the subsidies which have been granted to them. An examination of these subsidies, these contracts, it seems to me, will confirm the view I have expressed that the Government has not been fairly dealt with; that payments have been made to some of these shipping companies greatly in excess of what was just and fair.

I desire to give notice that when the bill comes before the Senate carrying these large appropriations, or attempting to validate these contracts, I shall move to amend the bill and to reduce some of these appropriations or perhaps go to the extreme of asking for a rectification of some of these contracts in the interest of protecting the taxpayers of the United States.

The PRESIDENT pro tempore. The question is——

Mr. LONG. Mr. President, I must insist on protecting the Senator from Tennessee [Mr. MCKELLAR], who is undertaking to perfect his amendment.

Mr. MCKELLAR. It will be ready in just a moment.

Mr. LONG. Then, until the amendment is ready, unless we are going to be at ease, I suppose we might as well have the regular order. I therefore suggest that we return to the regular order, and I shall be glad to return to this subject when the Senator from Tennessee has his amendment ready.

The PRESIDENT pro tempore. The Senator from Louisiana demands the regular order.

Mr. BLAINE. Mr. President, will the Senator withhold that request until I can make an inquiry of the Senator from Maine?

Mr. LONG. Yes. I was only doing that in order to protect the Senator from Tennessee. I withdraw the suggestion for the present.

Mr. BLAINE. It will take only a moment.

Mr. LONG. All right.

Mr. BLAINE. Mr. President, I notice on page 5 of the bill a provision appropriating $625,000 from the revenues of the District of Columbia for the period ending June 30 of this year for relief of residents of the District of Columbia who are unemployed or otherwise in distress because of the existing emergency. Will the Senator advise me what proportion of the District expenditures is paid out of the National Treasury?

Mr. HALE. I think the Senator from Connecticut [Mr. BINGHAM] can give that information more accurately than I can.

Mr. BINGHAM. Mr. President, the actual effect of this provision would be that all the money would come out of the pockets of the taxpayers of the District, because there is no provision in this bill for any additional money from the Federal Treasury for the District of Columbia.

Mr. BLAINE. For the fiscal year?

Mr. BINGHAM. For the fiscal year. Therefore this $625,000 for the relief of the poor and distressed in the District would all come out of the taxpayers of the District.

Mr. BLAINE. Has any provision been made for raising that additional fund, or is there sufficient money in the revenues of the District to pay the $625,000?

Mr. HALE. So far as I know, there is sufficient money in the revenues of the District to pay it.

Mr. BINGHAM. Mr. President, if the Senator will yield to me, under the law there is a contingent fund which must be maintained at all times in the neighborhood of between two or three million dollars against which this can be charged; but it will undoubtedly have to come out of the next year's appropriation, because that fund must be restored to its legal basis—$3,000,000.

Mr. BLAINE. Then, the Federal Government contributing toward the expenses of the District of Columbia whatever sum it does—nine or ten million dollars—has contributed toward this fund of $2,000,000, or whatever it is, so that the effect of this appropriation is to take a part of the money out of the Public Treasury?

Mr. BINGHAM. No, Mr. President.

Mr. BLAINE. Or to take a part of the money that has come out of the Public Treasury and put it in the revenues of the District?

Mr. BINGHAM. Mr. President, it might be said to be a matter of bookkeeping; but, as a matter of fact, under the old system a proportion of all the expenses of the District was borne by the Federal Government. It used to be 50-50. Half the expenses were borne by the Federal Government. Then it became 40-60, and 40 per cent was borne by the Federal Government. If that were still true, then the Senator's claim would have foundation in fact; but actually it is a specific sum which remains the same whether this appropriation is made or not. Therefore, it can not be held that any part of this additional expense is borne by the Federal Government.

Mr. BLAINE. Let me inquire further: I understand the Senator's general statement to be correct; but, assuming that this $2,000,000 contingent fund is accumulated not only out of revenues collected from the taxpayers of the District, has not some of it come from the appropriations that have been made from the Federal Treasury to the revenues of the District?

Mr. BINGHAM. Perhaps I used the term "contingent fund" inadvisedly. If it were a real contingent fund, the Senator's position would be correct. It is merely that there must be in the Treasury a surplus of money that has been accumulated, most of which—more than three-fourths of which—has been contributed by the taxpayers of the District.

Mr. BLAINE. May I put it in this way, then: That surplus, however, would not exist if it were not for the fact that the Federal Government makes whatever the contribution is?

Mr. BINGHAM. Of course, if the Federal Government did not make any contribution, there would be a deficit. That is true.

Mr. BLAINE. But there is a mixture of funds here, and merely as a bookkeeping proposition the people of the District will be charged with this expenditure; but if the whole financial set-up of the District is taken into consideration, the Federal Government's contribution aids the taxpayers of the District of Columbia to set up this fund, whatever it is, whether it is a contingent fund or otherwise. Without Federal aid the District would not have that fund without imposing additional taxes upon the taxpayers of the District.

Mr. BINGHAM. Mr. President, it has always seemed to me that the payment made by the Federal Government was really in lieu of taxes, the Federal Government being the chief business in the District and owning an enormous amount of nontaxable property. Because of the Federal Government's being here, and there being an enormous amount of other nontaxable property owned by foreign governments and by ecclesiastical and educational institutions, it has seemed to me that the contribution of the Federal Government was really in the nature of taxes. Therefore it may be said that part of any money that the District spends is from the Federal Government as a taxpayer.

Mr. BLAINE. Mr. President, I did not make these inquiries for the purpose of objecting to the appropriation. I made them merely for the purpose of pointing out exactly what the Senator from Connecticut has just said. The Congress, therefore, is directly appropriating money, or indirectly appropriating money—whichever way we desire to put it—for a relief measure within the District of Columbia.

I merely make that observation in connection with the failure of Congress to make direct appropriations to other cities and communities in the United States.

Mr. KING. Mr. President, may I ask the Senator from Connecticut a question? I was not quite able to understand all that the Senator said, and I did not hear the colloquy in the beginning; but I understood the Senator to convey the idea that there was some fund, aside from the appropriation which was made by Congress for the expenses of

the District for the present fiscal year, from which this $625,000 would be taken.

Mr. BINGHAM. I understood the question asked by the Senator from Wisconsin to be where the money was going to come from if it did not come out of the Federal Treasury. My answer was that under the law the District of Columbia is obliged to maintain on deposit with the Federal Government a fund amounting to about $3,000,000, from which it could come, and which fund, of course, would have to be made up in the appropriation for the next fiscal year.

Mr. KING. This would not create a deficit, then, in the ordinary sense?

Mr. BINGHAM. It would not create a deficit in the ordinary sense. It creates a deficit in a legal sense, because the District of Columbia is obliged to maintain that fund so that it may have money available for cash payments at all times.

Mr. KING. But assume that the appropriation out of the Federal Treasury directly to the District for meeting the expenses of the District was one-fourth of the aggregate expenditures: Then one-fourth of this $625,000 would come from the taxpayers of the United States?

Mr. BINGHAM. If we had a 25–75 ratio that would be true; and, to repeat what I said a few moments ago, it is my belief that the only excuse for the payment of the money which the Federal Government pays to the District of Columbia is as a taxpayer. The Federal Government can not admit that it pays taxes, because that is contrary to all precedent and to all of our experience, but that is virtually what it amounts to; and the amount which I have endeavored to secure for the District from the Federal Government each year bears a direct relation to what would appear to be a fair tax charge if the Federal Government were in business and a taxpayer in the District.

Mr. KING. The Senator knows that I do not quite agree with that thesis of his; but I will ask the Senator whether the committee considered the question as to whether the District of Columbia should make application, the same as States have made application—and, for a certain purpose, the District might be considered as a sovereign State—to the Reconstruction Finance Corporation for a part of the $300,000,000 which was appropriated. Did the committee consider that?

Mr. BINGHAM. It is the first time I have heard of it, Mr. President.

Mr. KING. The Senator will recall that $300,000,000 was appropriated for unemployment, and that the States and municipalities are receiving a part of that amount. Each State makes its application. I was wondering if the committee had considered the advisability of the District of Columbia's treating itself as a sovereign State or a municipality or political subdivision for the purpose of making application to the Reconstruction Finance Corporation.

Mr. BINGHAM. Mr. President, the trouble is that we are the board of aldermen of the District of Columbia. We should have to take such action as is taken in a municipality that can not raise money for its own recipients of charity, and that is the reason why the thing has to be done here. We are the legislative body for the District. We do not represent the District directly, but we have to see that it has the means properly to take care of its poor people.

I do not regard this matter in the light that the Senator from Wisconsin does, that we are contributing to the District's charitable funds as we might to those of any other city. We pay no taxes, or anything like taxes, in any other city of the United States, but here we have a different situation; and we are responsible to the people of the District for passing laws to aid them in whatever way seems proper.

Mr. COUZENS. Mr. President, I desire to suggest, in that connection, that the District of Columbia has no security of its own to pledge as municipalities have.

Mr. McKELLAR. Mr. President, I ask unanimous consent that the rule may be suspended and that I may be authorized to offer the amendment which I send to the desk and ask to have stated.

The PRESIDENT pro tempore. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. The Senator from Tennessee offers the following amendment: On page 13, line 3, after the word "each" and before the period, insert the following proviso:

Provided, That no refund or credit of any income or profits, estate, or gift tax in excess of $5,000 shall be made after the enactment of this act until a report thereof giving the name of the person, corporation, or partnership to whom the refund or credit is to be made, the amount of such refund or credit, and all the facts and papers in connection therewith are submitted by the Commissioner of Internal Revenue to the Joint Committee on Internal Revenue Taxation. The said committee or its staff shall have full access to all the papers, and shall examine into and pass upon the same de novo; and no refund shall be made until the Joint Committee on Internal Revenue Taxation shall have so passed on such refund and made its report to the Commissioner of Internal Revenue.

The PRESIDENT pro tempore. The Senator from Tennessee asks unanimous consent for the suspension of the rule in order that this amendment may be submitted. Is there objection?

Mr. BINGHAM. Mr. President, I should like to ask the Senator from Tennessee a question.

Mr. McKELLAR. Surely.

Mr. BINGHAM. Does the Senator propose to give the staff of this committee the right to pass on everyth'ng?

Mr. McKELLAR. No.

Mr. BINGHAM. That is the way the amendment reads.

Mr. McKELLAR. If the committee authorizes its staff to pass upon it, I think it should have that right.

Mr. BINGHAM. And then the staff, whoever that may be and whoever it may mean, will have the right to pass on all these matters?

Mr. McKELLAR. But it has to be duly authorized by the committee first.

Mr. BINGHAM. Does the Senator think that any committee of Congress has time enough to pass on all these various claims?

Mr. McKELLAR. Perhaps not; and for that reason the amendment gives the committee the power to deal with its staff. This is the suggestion of the Senator from Michigan [Mr. COUZENS], which I have accepted. There is just one provision which I think ought to be added to it; that is, that this committee shall have the right to fix the amount.

Mr. ROBINSON of Arkansas. Mr. President, may I ask a question? I do not object to the request of the Senator from Tennessee, but I should like to understand the effect of the amendment as it is now proposed.

It is provided that refunds amounting to more than $5,000 shall not be made until the Joint Committee on Internal Revenue Taxation shall have had opportunity to pass upon the refunds and make reports to the Commissioner of Internal Revenue. It is not expressly stated that an adverse ruling by the committee will prevent a refund. It seems to me that, as the language reads, the decision of the Joint Committee on Internal Revenue Taxation will be merely advisory to the Commissioner of Internal Revenue, that even after the joint committee shall have passed upon a proposed refund and made its report to the Commissioner of Internal Revenue he might proceed to make the refund, notwithstanding the joint committee may have passed upon it adversely.

I do not point this out in any spirit of captiousness or with a desire to embarrass the Senator's amendment. The Senator understands that well.

Mr. McKELLAR. I understand that perfectly.

Mr. ROBINSON of Arkansas. I think that question would arise under the amendment as it now reads.

Mr. McKELLAR. I will say to the Senator that I will accept any suggestion as to an amendment to my amendment he may care to make. I think it could be amended in this way. The Senator will see in the first sentence that the report of these refunds is to be submitted by the Commissioner of Internal Revenue to the Joint Committee on Internal Revenue Taxation, and the next sentence takes up what that committee will do, namely—

That said committee or its duly authorized staff shall have full access to all papers, and shall examine into and pass upon the same de novo, and no refund shall be made until the Joint Committee on Internal Revenue Taxation or its duly authorized staff shall have so passed on such refund and fixed the amount and made its report to the Commissioner of Internal Revenue.

Mr. ROBINSON of Arkansas. I have read the language, and a rereading of it does not enlighten me. It is the construction of the language or the effect of the language I am inquiring into. My inquiry can be stated in a few words. What would be the effect of a decision under this language by the Joint Committee on Internal Revenue Taxation? Would it bind the Commissioner of Internal Revenue? Would the language have that result?

Mr. LONG. It ought to.

Mr. ROBINSON of Arkansas. I am not asking what it ought to do; I am asking what the language would do. I do not quite so construe it. The Senator from Michigan [Mr. COUZENS] made some suggestions, and I will ask him the question, with the permission of the Senator from Tennessee.

Mr. McKELLAR. I yield. I just want it certain that this joint committee shall have full power to pass upon the matter anew, and fix the amount of any refund.

Mr. ROBINSON of Arkansas. Before the Senator from Michigan answers, may I point out that apparently the Joint Committee on Internal Revenue Taxation is to be called upon to perform a quasi judicial duty.

Mr. LONG. The amendment as now drawn would not do.

Mr. ROBINSON of Arkansas. What I am trying to find out is the interpretation of the language by those who employ it. Is it intended to make the decision of the joint committee binding on the Commissioner of Internal Revenue with reference to a refund? If it is so intended, I respectfully and modestly point out that the language would not have that result. It is a quasi-judicial function which the joint committee is to be asked to perform or required to perform, and the only requirement is that it shall pass upon applications for refund and make a report to the Commissioner of Internal Revenue, and he can not make a refund before the report of the joint committee is received. Impliedly, he can make a refund after a report is received, no matter what the finding of the joint committee may be.

Mr. COUZENS. Mr. President, will the Senator yield to me?

Mr. ROBINSON of Arkansas. I yield.

Mr. COUZENS. The Senator from Arkansas will recall that this matter was first proposed as simply a limitation on an appropriation bill.

Mr. ROBINSON of Arkansas. I understand that.

Mr. COUZENS. And applied only to some $28,000,000. The Senator from Tennessee has a plan, with which I do not agree, to make it permanent law, to apply to all cases hereafter. All I was trying to do was to have a limitation placed upon this particular bill, and then it would read, in effect, that no part of this appropriation should be used for this purpose until a refund had been approved by the Joint Committee on Internal Revenue Taxation.

Mr. ROBINSON of Arkansas. That is, that no part of this appropriation shall be used to pay any refund of taxes, or comply with any order for a refund, in excess of $5,000, until the order for a refund shall have been approved by the Joint Committee on Internal Revenue Taxation?

Mr. COUZENS. Yes; that was my intention, and that is what I have been trying to accomplish, to make a limitation.

Mr. McKELLAR. If it is good for this appropriation, it ought to be good for others. I want to say to the Senator from Arkansas that he has had the same idea about it that I have had.

Mr. LONG. Mr. President, a point of order.

The PRESIDENT pro tempore. The Senator from Louisiana will state his point of order.

Mr. LONG. I make the point of order that we are not proceeding on this amendment. The Senator from Arkansas was supposed to have had the floor, but he has yielded the floor. He could yield only for a question. Apparently we are getting into such interminable conflict over language that is almost meaningless that I think we had better proceed in the regular order to work this thing out. I have sacrificed three hours' time here this morning.

The PRESIDENT pro tempore. The Chair understands the Senator from Louisiana to demand the regular order?

Mr. LONG. I do.

The PRESIDENT pro tempore. The regular order is demanded, and the Chair lays before the Senate the regular order, the title of which will be read.

The CHIEF CLERK. The bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

RELIEF OF DEBTORS IN FORCED LIQUIDATION PROCEEDINGS

The PRESIDENT pro tempore. The Chair lays before the Senate a message from the President of the United States, which will be read.

The Chief Clerk read the message, as follows:

To the Senate and House of Representatives:

On February 29 last I addressed the Congress on the urgent necessity for revision of the bankruptcy laws, and presented detailed proposals to that end. These proposals were based upon most searching inquiry into the whole subject which had been undertaken by the Attorney General at my direction. While it is desirable that the whole matter should be dealt with, some portions of these proposals as an amelioration of the present situation are proving more urgent every day. With view to early action, the department, committees, and Members of the Congress, have been collaborating in further development of such parts of these proposals as have, out of the present situation, become of most pressing need. I urge that the matter be given attention in this session, for effective legislation would have most helpful economic and social results in the welfare and recovery of the Nation.

The process of forced liquidation through foreclosure and bankruptcy sale of the assets of individual and corporate debtors who through no fault of their own are unable in the present emergency to provide for the payment of their debts in ordinary course as they mature, is utterly destructive of the interests of debtor and creditor alike, and if this process is allowed to take its usual course misery will be suffered by thousands without substantial gain to their creditors, who insist upon liquidation and foreclosure in the vain hope of collecting their claims. In the great majority of cases such liquidation under present conditions is so futile and destructive that voluntary readjustments through the extension or composition of individual debts and the reorganization of corporations must be desirable to a large majority of the creditors.

Under existing law, even where majorities of the creditors desire to arrange fair and equitable readjustments with their debtors, their plans may not be consummated without prohibitive delay and expense, usually attended by the obstruction of minority creditors who oppose such settlements in the hope that the fear of ruinous liquidation will induce the immediate settlement of their claims.

The proposals to amend the bankruptcy act by providing for the relief of debtors who seek the protection of the court for the purpose of readjusting their affairs with their creditors carry no stigma of an adjudication in bankruptcy, and are designed to extend the protection of the court to the debtor and his property, while an opportunity is afforded the debtor and a majority of his creditors to arrange an equitable settlement of his affairs, which upon approval of the court will become binding upon minority creditors. Under such process it should be possible to avoid destructive liquidation through the composition and extension of individual indebtedness and the reorganization of corporations, with the full protection of the court extended to the rights and interests of creditors and debtors alike. The law

should encourage and facilitate such readjustments in proceedings which do not consume the estate in long and wasteful receiverships.

In the case of individual and corporate debtors all creditors should be stayed from the enforcement of their debts pending the judicial process of readjustment. The provisions dealing with corporate reorganizations should be applicable to railroads, and in such cases the plan of reorganization should not become effective until it has been approved by the Interstate Commerce Commission.

I wish again to emphasize that the passage of legislation for this relief of individual and corporate debtors at this session of Congress is a matter of the most vital importance. It has a major bearing upon the whole economic situation in the adjustment of the relation of debtors and creditors. I therefore recommend its immediate consideration as an emergency action.

HERBERT HOOVER.

THE WHITE HOUSE, *January 11, 1933.*

The PRESIDENT pro tempore. The message will be referred to the Committee on the Judiciary and printed.

REPORT OF BANKRUPTCY LAW COMMITTEE OF THE FEDERAL BAR ASSOCIATION OF NEW YORK

Mr. COPELAND. Mr. President, I ask that there be printed in the RECORD the report of the bankruptcy law committee of the Federal Bar Association of New York, and that the report be referred to the Committee on the Judiciary of the Senate.

There being no objection, the report was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

REPORT OF THE BANKRUPTCY LAW COMMITTEE OF THE FEDERAL BAR ASSOCIATION OF NEW YORK, NEW JERSEY, AND CONNECTICUT

To the President and Members of the Federal Bar Association:

The bankruptcy committee of the Federal Bar Association of New York, New Jersey, and Connecticut begs leave to submit to you its report regarding the Irving Trust Co. receivership problem in the southern district of New York.

The Irving Trust Co. report, published in full in the newspapers of December 1, 1932, does not touch the real problem in bankruptcy in the southern district of New York.

It concerns itself solely with an attempted substantiation of its claim that the Irving Trust Co. as official receiver and trustee in bankruptcy has effected economies in the administration of bankrupt estates in the southern district of New York.

Before considering the real and vital problem in which the business men and attorneys of the southern district of New York are interested it is well to consider, preliminarily, the Irving Trust Co.'s claim of economy itself.

THE ADVANTAGE TO CREDITORS IN DIVIDENDS THAT IS CLAIMED BY THE IRVING TRUST CO. IS AT BEST TRIVIAL

All that the Irving Trust Co.'s report claims for saving of dividends to creditors (see p. 22 of the report) is that the trust company's administration has given to creditors in voluntary cases aggregate dividends of 4.39 per cent as against aggregate dividends of 4.09 per cent that it claims creditors have received in voluntary cases under other administration than that of the Irving Trust Co.; and that in involuntary cases it has given them aggregate dividends of 10.67 per cent as against 10.35 per cent received by them under administrations other than by the Irving Trust Co.; that is to say, the Irving Trust Co.'s claim is that it has given to creditors dividends of three-tenths of 1 per cent better in voluntary cases and not quite one-third of 1 per cent better in involuntary cases than creditors have received in cases not administered by the trust company.

Looking at the remaining data supplied by the Irving Trust Co. in its report, we find that according to the Irving Trust Co. report in the bankruptcy cases administered by the trust company it has paid to creditors $3,222,513.32 out of the total amount of $5,723,822.94 realized by it in those cases, whilst creditors received in cases not administered by the trust company $15,161,626.76 out of the total amount of $32,240,648.96 realized in such nontrust company cases; in other words, it claims that creditors under the trust company bankruptcy administration get nearly a tenth more than under nontrust company administration. Translated into another form, if creditors receive a dividend of 10 per cent under trust company administration they will get only a little over 9 per cent under nontrust company administration, a difference of less than 1 per cent.

That is the largest "economic gain" of trust company administration, according to the Irving Trust Co.'s own figures.

But at least five very substantial criticisms are to be made even of this claim.

First. A great deal was and is claimed for the supposed economic gain to creditors of bankruptcy administration by trust companies. But these figures of the Irving Trust Co. report show the economy is insignificant even at its best. It is a pretty poor showing for the much-heralded "economy" of the trust company receivership that only a gain of a negligible part of 1 per cent of dividends is shown. The Irving Trust Co. report is in truth an anticlimax. "The mountain labored and was in travail, and a little mouse was born."

But such result is only to be expected; for, after all, the Irving Trust Co. must act through men who however conscientious are not better equipped than other men for doing this work, indeed, are presumably less skillful at business failures than at banking.

Second. The figures of the report, moreover, show that a tendency exists for a decreasing dividend each and every year, to be given by the Irving Trust Co. to creditors as it continues in the work of bankruptcy administration, the current dividend even having sunk to the low percentage of 5.85 per cent.

At this rate, in another year or two the diminishing "economy" of the Irving Trust Co. is likely to turn into a veritable extravagance, for a banking corporation is altogether likely to become more and more overloaded and top heavy as it keeps on trying to do these essentially business men's jobs of administering insolvent estates.

Third. In calculating the expenses of administration of the bankrupt estates, in arriving at even the trifiingly better rate of dividend, which is all the Irving Trust Co.'s report claims, part of the actual expense of administration of bankrupt estates which it incurred is not used; that is to say, the total expense of administration incurred during the years of its receiverships for bankruptcy receivership purposes amounted, according to the figures of the report, to $1,368,744.45; but in getting up its present report for the public it only "uses" $404,873.35 of that sum. In other words, for the purpose of making the calculations of economy of its report the Irving Trust Co. uses only a portion of its actual receivership expenses. If they are proper receivership expenses of the cases closed, and closed cases only are proper to be included in getting at the comparative figures, they should all be included. But, then, if they were all included the expense of administration by the Trust Co. would be exhibited as enormously greater than the expense of administration in cases not administered by the Irving Trust Co. If, on the other hand, they include expenses incurred on pending cases not yet closed, then it is pertinent to inquire whether any portion of the receivership expenses are apportioned to the pending cases that ought to have been assigned to the closed cases. It is very easy to defer to later cases overhead expenses that might properly be assigned to the closed cases, thus increasing the present rate of dividends to creditors at the sacrifice of future dividends. What portion of the overhead expenses have been assigned then to the closed cases that are presumably all that this report is concerned with, and what have been deferred to later cases rests in the estimating capacity or volition of the trust company. We are not supplied with these essential data.

Fourth. Part of the compensation going to the Irving Trust Co. as receiver and trustee consists of the fees of "assistant" or "deputy" receivers and trustees—officers who were unknown in bankruptcy before the Irving Trust Co. became official receiver and trustee, and who have no place in the bankruptcy law as being entitled to compensation, which most stringently by its section 72 declares "that neither the * * * receiver * * * nor the trustee shall in any form or guise receive, nor shall the court allow him, any other or further compensation for his services than that expressly authorized and prescribed in this act." In fact, whatever the Irving Trust Co. as receiver or trustee receives as "compensation" is virtually "velvet," so to speak; that is to say, it is pay without work—pay for work done by others and paid for to others—namely, by "deputy receivers," and "deputy trustees" or "assistant receivers" and "assistant trustees" and "custodians." Receivers and trustees in bankruptcy are supposed to do all the business man's work involved in the administration and are supposed to receive their statutory commissions, and no more, for doing this work. In the Irving Trust Co. receiverships and trusteeships, however, the Irving Trust Co. itself does not perform the receivership and trusteeship business man's duty, but hires, at the expense of the creditors, "assistant receivers," "assistant trustees," or "custodians," who do all the practical business man's work and get salaries in addition to the trustee's commissions granted to the Irving Trust Co. by law. This is not only unwarranted extravagance but is clearly illegal.

Fifth. We have no way of verifying the figures as to the "other" than Irving Trust Co. receivership cases. Until we have the data given us as to these "other" cases, any deductions or comparisons are illusory.

Perhaps these other cases included precisely those many cases where the particular district judge, whose resignation under fire when charged with collusion and other misdoings, in the face of an investigation by Congress, marked the origin of the so-called "bankruptcy scandal." Also, perhaps, these "other than Irving Trust Co. cases" included cases marred, spotted, and bedraggled with the slime of misconduct on the part of some employees of the "official auctioneer" forced upon bankrupt estates by the court rules of the United States district judges, who would have, then, to bear the blame on their own shoulders. Also, perhaps, the Irving Trust Co. was given only good asset cases in the beginning, thus enabling it to achieve the 31.09 per cent dividend of its first two cases and the 29.81 per cent dividend of its second year's cases. If so, the apparent saving to creditors of even the negligible fraction of 1 per cent shown would probably dwindle to a distinct loss.

The facts lost sight of by the general public and also by the bar are that whatever "scandal" has arisen in bankruptcy administration in the southern district of New York had its origin in the misconduct of one district judge and the carelessness of

some others—a failure to live up to high ideals of the judicial office and a misconception of the importance of right bankruptcy administration, and that the administration by men chosen by the creditors is likely to be more efficient than that by bankers' assistants.

But in any event the Irving Trust Co. report, which has received much commendation from the senior judge of the United States district court, is, in effect, wholly beside the mark.

What the lawyers and general public, and especially the business men, want to know is: Why have the creditors been deprived of their fundamental right, conferred by the bankruptcy act, of choosing their own trustees and indirectly the attorneys to act for them in the business failures wherein they have lost their money? Why has this benevolent despotism of the Irving Trust Co. been imposed upon them?

And it is important for us at this point to make plain some facts that seem to have been forgotten.

THE FUNCTIONS OF RECEIVERS AND TRUSTEES IN BANKRUPTCY DIFFER FROM THOSE IN ORDINARY LITIGATION

In ordinary litigations where receivers are appointed, the receivers act merely as custodians for the preservation of the assets until final determination of the litigation between the parties. Meanwhile the parties themselves, with their respective attorneys, fight out the issues, and the court's final decree directs the receiver to dispose of the assets in his custody to the various parties who have thus been contending, according to the court's judgment.

All this is different in bankruptcy. Receivers and trustees in bankruptcy are not mere custodians. They are litigants. They are, indeed, the only ones who can litigate in behalf of creditors. All action in bankruptcy must be taken by the receiver or trustee or, if he refuses to act, then, upon leave of court, by one of the beneficiaries of the trust, who, however, must conduct the litigation in the receiver's or trustee's name and must bear the expense himself, besides indemnifying the receiver or trustee against loss, in the event the proceeds do not cover such expense.

To choose a receiver or trustee in bankruptcy, then, is to choose a litigant, not a mere custodian.

This distinction, it is submitted, lies at the basis of the misunderstanding on the part of some of the well-meaning United States district judges of the court's inherent "right" to appoint as bankruptcy receiver whomsoever it may think best. The courts have no more right to make their own choice of receivers and trustees in bankruptcy, who in turn appoint their respective attorneys to act, than they would have in the other kind of litigation, the ordinary litigation (where the receiver whom they appoint is a mere custodian) to dictate to this party, that party, and the other party, who shall carry on the litigation of the issues in the case in behalf of those respective parties.

SOME WAY MUST BE DEVISED TO GIVE BACK TO CREDITORS THEIR CONTROL OVER BANKRUPTCY ADMINISTRATION

The bankruptcy law is founded upon the fundamental principle that those who are the most interested in proper bankruptcy administration should be placed in charge of that administration, and such basis is unquestionably the right basis, for it is founded on human nature and on reason. And so bankruptcy law, which deals with that most helpless thing, an insolvent estate, places the choice of the trustee who is to administer the estate in the hands of the creditors, and implies that the receiver likewise should be their choice.

Bankruptcy law, after all, is only a law, and can not enforce itself. Any insolvency law depends, even more than most laws, upon the intelligence and fidelity to high ideals of the judicial officers in administering it.

The trouble with the administration of the bankruptcy act is precisely the courts' failure to accept and foster that "creditors' control" of bankruptcy administration which is intended by the bankruptcy act. At best, they have lacked in resourcefulness by instituting a trust-company monopoly in its stead.

Indeed, the Supreme Court's General Order XIV provides, and always has provided since the original enactment of the bankruptcy act, as follows:

"General Order XIV—No official or general trustee

"No official trustee shall be appointed by the court, nor any general trustee act in classes of cases."

"CREDITORS' CONTROL" UNDER MODERN CONDITIONS RIGHTLY MEANS CREDITORS' ORGANIZED ACTION

It is submitted by your committee that there is a general failure on the part of those complaining that the bankruptcy law has "broken down" and that "creditors' control" is "fundamentally unsound in principle" to recognize what "creditors' control" really means. Those who complain of the so-called apathy of creditors fail to note that business men nowadays take action in groups, generally by and through their respective "trade associations" or other organizations, not individually. The extent and value of such action is not always appreciated.

So in bankruptcy it is not to be expected that the individual creditors will come to bankruptcy meetings or attend bankruptcy court. Nor can the individual creditor be expected to bear the expense of the entire litigation when he has but a percentage interest in it and frequently but a small percentage interest at that.

There are some so-called trade associations that are in reality mere collection agencies masquerading under trade names. But many if not most of these associations are composed of upstanding, substantial, and right-minded business men of the particular trade, and when so the associations are definitely of great value to industrial society. The business men of the various trades meet together and talk over matters of common interest to the trade. Delinquent debtors whose affairs are found to have been conducted with honesty find the hand of helpfulness extended to them through the association; but where they are found to have been fraudulently conducting their affairs, then such action is taken as is deemed appropriate by their fellow tradesmen.

The Federal Bar Association has resolutely set its face against any corporation practicing law and will be found in the front ranks of those opposing such degradation of the profession.

But we do not view it as the practicing of law for a debtor to assemble his creditors at a common meeting place and talk over with them their common affairs. The opportunity thus to assemble in mutual conference only exists when there is a bankruptcy law, and such opportunity of mutual conference is one of the most valuable benefits of that law. The provision that creditors shall control the bankruptcy administration by the election of a trustee is in the law for that express purpose. Nor is it practicing law for a creditor or creditors to ask other creditors to cooperate in the selection of receivers or trustees. Lawyers, indeed, very properly are debarred from doing so.

THE DISTRICT COURT CAN EASILY KEEP THE BAR FREE FROM BANKRUPTCY RINGSTERS AND OTHER UNDESIRABLES

All the complaints against "bankruptcy ringster" attorneys can be done away with without any amendment of the bankruptcy act if the judiciary would pursue the simple course of fearlessly and without favor or fear of influence in the court's order of approval of the receiver's or trustee's choice of attorney, approve only proper attorneys. Those members of the bar who are engaged in bankruptcy practice in each locality are all well known to the judiciary. The black sheep among them would soon be eliminated from appointment as attorneys for receivers and trustees in bankruptcy if the judges would merely refuse to approve them and request the nomination of other candidates.

To be sure, "influence" is likely to be encountered and hard feelings engendered, but we expect fearlessness in the performance of duty on the part of our judges, especially Federal judges appointed for life.

TRUST COMPANY OFFICIAL RECEIVERSHIP DOES NOT DECREASE BANKRUPTCY FRAUDS NOR CRIMES, BUT TENDS ACTUALLY TO INCREASE THEM

Your committee further submits that, under the Irving Trust Co. official receivership régime, bankruptcy frauds and bankruptcy crimes have not decreased, but, quite to the contrary, as business men know, the bankrupts and their colluding friends and relatives have become more emboldened than ever, finding nothing now but a corporation without practical interest in the results at the head of affairs, interested in making a show of a trifling and doubtfully true economy and not personally interested in purifying the trades from credit frauds.

IRVING TRUST CO. IS CONSTITUTED "STANDING RECEIVER," ETC., AND CREDITORS AND THEIR ATTORNEYS ARE EXCLUDED BY ILLEGAL COURT RULES

Notwithstanding the obvious impropriety and lack of wisdom of excluding the very parties in interest in a legal controversy from selecting their representatives to act for them in the litigation, the judges of the United States District Court for the Southern District of New York have presumed to enact court rules and engage in a line of conduct that, we submit, directly frustrate the intent of the law by the following enactments:

First. By the enactment of its local bankruptcy rule 27, whereby the "Irving Trust Co. is designated as standing receiver."

Second. By the enactment of its local bankruptcy rule 22, whereby referees, who by law are precisely the "courts" to pass upon the validity of proofs of debt, powers of attorney, and the election of trustees, are required to "inform" creditors by printed notice of the "availability" and advantages of appointing the Irving Trust Co. and practically advising them to execute powers of attorney to the referee himself to vote for it for trustee—a most coercive intimation, but quite out of place, we submit. Thus, the referee is obliged to pass upon the validity of his own vote. This is an assumption of lawmaking power, we submit, that exhibits a most astounding misconception of the limitations of the judicial functions and of the separation of the judiciary from the legislature.

Third. By the enactment of its local bankruptcy rule 8, whereby any attorney who is acting for "the petitioning or other creditors or for any other person interested in the estate" is prohibited from acting as receiver's or trustee's attorney—another most oppressive and unfair rule.

It is, we submit, also an unmerited slight upon the capacity and integrity of creditors and their attorneys that they are thus prohibited by these improper court rules from taking the actual part in the administration of insolvent estates, even by their nomination of individuals to act as receivers or trustees, which belongs to them and is given to them by the law. All three of these rules ought to be abrogated.

Nor is it the sense of your committee that the United States district judges in appointing receivers should listen to the nominations of district leaders or political friends without regard to the wishes of the creditors themselves. This no more meets their approval than does the appointment of a trust company or any other fictitious creation of the law as "standing receiver."

Judges and referees in appointing receivers should take and even seek the suggestions of the creditors, both individually and

as cooperating in trade associations of the trades involved in the business failure. If they did so, they would find a different attitude in the community toward the bankruptcy court. Amendment of the bankruptcy act is not requisite to this end, for the judges can themselves do precisely this if they wish to do so.

SUGGESTIONS FOR THE IMMEDIATE ACTION OF THE FEDERAL BAR ASSOCIATION

Your committee, then, suggests as a proper first object of the Federal Bar Association that it present to the Federal judges of the southern district of New York a memorial embodying the principles of this report as regards bankruptcy rules 8, 22, and 27 with the prayer that they abrogate those rules, and also that the Federal Bar Association work for certain amendments to the bankruptcy act that would furnish the most solid and workable remedy for the correction of the abuses mentioned.

These proposed amendments, we submit, are not revolutionary, but are entirely in accord with the letter and spirit of the bankruptcy act and within the Constitution of the United States.

The first of these proposed amendments to the act does away with trust corporations as receivers or trustees in bankruptcy. It is as follows:

From section 45 (a) of the bankruptcy act, which now reads as follows:

"*Qualifications of trustees*

"Trustees may be (1) individuals who are respectively competent to perform the duties of the office and reside, or have an office in the judicial district within which they are appointed, or (2) corporations authorized by their charter, or by law, to act in such capacity, and having an office within the judicial district within which they are appointed."

it is proposed to eliminate subsection (2) altogether, and to amend the rest of the section to cover receivers as well as trustees so that the section when amended shall read as follows:

"*Section 45. Qualifications of receivers and trustees*

"Receivers and trustees must be individuals who are respectively competent to perform the duties of the office and reside, or have an office, in the judicial district within which they are appointed."

By this amendment would be eliminated trust companies and all other fictitious creations of the law from being receivers or trustees in bankruptcy.

It is the sense of your committee that that many-headed, yet, in action, headless fiction of the law, the "invisible," "intangible," "soulless" creation of the statutes called a corporation has no proper place in the office of receiver or trustee in bankruptcy.

That office demands a living, sentient being. The double fiduciary relation that receivers and trustees in bankruptcy bear, in greater than ordinary degree, to their beneficiaries, the creditors, on the one hand, and to the court on the other hand, requires something better than the clerical function of an employee of a trust company, and especially is such a corporation unsuited, because of its ever-shifting corps of assistants, depriving creditors of the advantages of a continuous administration. A trust company, to be sure, is responsible without the giving of a surety company bond, and it can always be reached by legal process, but individual receivers and trustees in bankruptcy give surety-company bonds and can be reached by process quite as well, and we submit that fewer defalcations have occurred in that office than in any other similar office in the United States, and that creditors have no need of fear of loss, so long as the judge of the bankruptcy court approving the surety-company bond is performing his duty.

The second of these proposed amendments recognizes the fact that the creditors of a failing debtor can, as a general rule, procure the cooperation of sufficient other creditors to constitute the requisite statutory majority in number and amount of the creditors of the insolvent debtor, who will forthwith work together for the nomination of a receiver and trustee.

To carry out this principle your committee further proposes to add to section 69 of the bankruptcy act a further paragraph to be designated (b), and to read as follows, to wit:

"*Section 69. Possession of property*

"(b) Whenever, under section 2, subdivision 3 of this act, a receiver is appointed by the court, if a majority in number and amount of the creditors, as estimated by the court, exclusive of relatives or stockholders, officers or directors of the bankrupt, shall nominate a person qualified under section 45 of this act, to be receiver, such nominee shall, except for adequate cause fully stated on the record, be appointed receiver; and for the purpose of such estimate the bankrupt shall forthwith, or any interested party may, file in court a list of the bankrupt's creditors with their respective names, addresses and amounts of claims, so far as the same may be known to the bankrupt or such party respectively."

The third and last of these proposed amendments recognizes the fact that in many cases the debtor and his creditors have already cooperated in the placing of the debtor's assets in the hands of an assignee approved by his creditors, though such assignment is void, and always has been void, and properly so, under the bankruptcy law, if bankruptcy follows within four months. To carry out this principle your committee proposes a further amendment to section 69 of the bankruptcy act by adding thereto still another subdivision to be subsection (c), reading as follows:

"(c) An assignment for the benefit of creditors, made within four months before the filing of a bankruptcy petition by or against the debtor, upon which adjudication of bankruptcy is ultimately had, shall be void and the assets shall be administered in the bankruptcy court; but if at the time of such filing the assignee under such assignment is in charge of the bankrupt's assets, and said assignee was theretofore selected or approved by a majority in number and amount of the bankrupt's creditors, or is approved in writing by such majority of creditors duly filed in court within five days subsequent to the filing of the list of creditors hereinafter provided for, or within such time as the court otherwise may fix, such assignee shall upon motion duly made be appointed receiver in bankruptcy, unless his appointment be not forthwith applied for or unless it be denied for adequate cause stated on the record; and as such receiver he shall be vested with all the rights and obligations of a receiver under the bankruptcy act, until the appointment and qualification of the trustee, unless sooner removed for cause; but his entire compensation for all services, both prior and subsequent to his appointment as such receiver, shall be limited to his compensation as the receiver in bankruptcy; but such assignee shall not be eligible to appointment if any agreement or understanding exists that his compensation as such receiver is to be turned over, in whole or in part, to any other person or association.

"And for the purpose of such appointment the bankrupt shall, or any interested party may, file in court within two days after the filing of the bankruptcy petition or within such period of time as the court may by order designate a list of the names and addresses of all said bankrupt's creditors so far as the same are known."

It is the feeling of your committee that the abrogation of the specified local bankruptcy rules and the adoption of these suggested amendments to the bankruptcy act are worthy objects for the work of the Federal Bar Association of New York, New Jersey, and Connecticut; and it is confident that if the changes in the local rules are not voluntarily made by the district judges themselves, Congress will see that these simple amendments will correct the real abuses that exist in the bankruptcy field and propagate and preserve the right ideas and ideals in this important field of bankruptcy law, and will itself enact the requisite legislation to that end.

Harold Remington, chairman; Robert Daru; Alfred C. McKenzie; L. L. La Vine; Bernard Austin; Samuel C. Duberstein, vice chairman; Irving Eisenberg; Samuel B. Seitel, secretary; George Furst; J. G. M. Browne.

NOTICE OF MOTION TO SUSPEND THE RULES

Mr. JOHNSON. Mr. President, will the Senator yield to me?

Mr. LONG. I yield.

Mr. JOHNSON. I want to file a motion to suspend the rules in relation to the next appropriation bill, which it is assumed may come before us to-morrow. I ask unanimous consent that the motion be not read, but that it may be filed.

The PRESIDENT pro tempore. The motion will be entered.

Mr. JOHNSON'S notice of motion is as follows:

Pursuant to the provisions of Rule XL of the standing rules of the Senate, I hereby give notice in writing that I shall hereafter move to suspend paragraph 4 of Rule XVI, for the purpose of proposing to the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes, the following amendment, viz, on page 87, after line 15, insert the following:

That all materials and supplies purchased by any department of the Federal Government, and all materials and supplies furnished by contractors doing work for the Federal Government, shall be produced within the limits of the United States, except (1) materials or supplies which can not be purchased in the United States; (2) articles produced or supplies purchased for experimental purposes; and (3) materials or supplies of foreign production authorized expressly by law.

That notwithstanding any provision of law to the contrary, the heads of the several executive departments and independent establishments of the Government shall, within the limits of the United States, purchase or contract for only articles of the growth, production, or manufacture of the United States, unless the interests of the Government will not permit, notwithstanding that such articles of the growth, production, or manufacture of the United States may cost more, if such excess of cost be not unreasonable: *Provided, however,* That there shall be excepted from the provisions of this act articles or supplies grown, produced, or manufactured outside of the United States if there be no articles or supplies of that kind or of a suitable quality grown, produced, or manufactured in the United States in commercial quantities: *Provided further,* That the findings of the contracting officer under such regulations as the head of the department or independent establishment concerned may prescribe shall be conclusive.

BANKING ACT

The Senate resumed the consideration of the bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations, to regulate interbank control, to prevent the undue

diversion of funds into speculative operations, and for other purposes.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Louisiana [Mr. LONG] to the amendment proposed by the Senator from Michigan [Mr. VANDENBERG].

Mr. LONG. Mr. President, I want it understood that I am awaiting the perfecting of an amendment to the appropriation bill which we have had under consideration here to-day and as soon as that shall have been secured; I will again yield the floor. I have no intention of doing anything except expedite the passage of the appropriation bill as soon as the Senator from Tennessee and the Senator from Michigan shall have agreed on their amendment.

Mr. LEWIS rose.

Mr. LONG. Does the Senator from Illinois want me to yield to him?

Mr. LEWIS. I was greatly interested in the Senator's discussion and was anxious to find to what point he was addressing himself.

Mr. LONG. For the last three hours we have been engaged in the discussion of an amendment to the deficiency appropriation bill. The Senator from Tennessee [Mr. MCKELLAR] is in the course of perfecting the amendment so as to provide that refunds on income taxes may not be made unless the Joint Committee on Internal Revenue Taxation of the House and Senate shall have probed into the matter and approved it. That has been practically agreed to; and when Senators have perfected the amendment and returned, then I shall agree to a unanimous-consent request that we may proceed with that matter.

In the meantime I wish to discuss the amendment pending to the branch banking bill. This has been one of the most unusual procedures followed with an important bill that has ever been known to the Congress. There has never before been anything like this done in Congress within my memory, since I have been here or that I ever heard about. The branch banking bill was introduced one day, the rule was suspended, and it was referred to a committee the same day; the committee met and reported the bill out the same day, and brought it back into the United States Senate. No man was ever heard on the bill that is now before the United States Senate. It has torn the Federal reserve act into threads and into less than threads. It has stricken out of the law a provision under which the people have lived for more than 18 years and from which they have derived millions and millions of dollars. The bill was introduced, sent to a committee, and brought back from the committee the same day it was introduced in the Senate, and no man has had a right to raise his voice or to be heard on the bill in a committee of this Congress.

The bill covers not only branch banking, which I am now discussing and which I shall further discuss, but it goes even farther. Let me tell distinguished Senators that they do not even know upon what they are legislating. I say that with all kindness. It has never been called to our attention. The sponsors of the bill have stricken out the franchise tax that is provided in the Federal reserve act. Section 7 of the old Federal reserve act reads:

> After all necessary expenses of the Federal reserve bank have been paid or provided for, the stockholders shall be entitled to receive an annual dividend of 6 per cent on the paid-in capital stock, which dividend shall be cumulative. After the aforesaid dividend claims shall have been fully met, the net earnings—

Here is the part that is stricken out—

> the net earnings shall be paid to the United States as a franchise tax.

After we have paid these Federal reserve banks a dividend of 6 per cent under the law that now exists, the net earnings above 6 per cent which have been earned under the guidance of the Government are to be paid to the United States as a franchise tax. But instead of incorporating that provision in the pending bill, the committee have deleted that language from the Federal reserve act so that the United States Government no longer draws the franchise tax. No one has been heard in behalf of the people of the United States, whose millions and millions of dollars are being taken away from them by this bill. The bill was introduced in the Senate on one day, sent to the committee the same day, reported back from the committee the same day, and lodged in the Senate and put on the calendar with a "hurry, hurry, hurry" order, denying these hundreds of millions of dollars of the money of the people of the United States that had been provided for them in the law as it was written in 1914. I want to read all the language that has been deleted. The sponsors of the bill have taken out these words:

> Shall be paid to the United States as a franchise tax except that the whole of such of net earnings, including those for the year ending December 31, 1918, shall be paid into a surplus fund until it shall amount to 100 per cent of the subscribed capital stock of such bank and that thereafter 10 per cent of such net earnings shall be paid into the surplus.

Mr. President, the committee would have had just as much reason to give the bankers the other revenue that is provided by that same section to go to the United States. What kind of legislation are we having here for the people of America?

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield to enable me to suggest the absence of a quorum?

The PRESIDING OFFICER (Mr. NEELY in the chair). Does the Senator from Louisiana yield for that purpose?

Mr. LONG. I do.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Kendrick	Sheppard
Austin	Cutting	King	Shipstead
Bailey	Dale	La Follette	Shortridge
Bankhead	Dickinson	Lewis	Smith
Barbour	Dill	Logan	Smoot
Barkley	Fess	Long	Steiwer
Bingham	Fletcher	McGill	Swanson
Black	Frazier	McKellar	Thomas, Idaho
Blaine	George	McNary	Thomas, Okla.
Borah	Glass	Metcalf	Townsend
Bratton	Glenn	Moses	Trammell
Broussard	Goldsborough	Neely	Tydings
Bulkley	Gore	Norbeck	Vandenberg
Bulow	Grammer	Norris	Wagner
Byrnes	Hale	Nye	Walcott
Capper	Harrison	Oddie	Walsh, Mass.
Caraway	Hastings	Patterson	Walsh, Mont.
Carey	Hatfield	Pittman	Watson
Cohen	Hayden	Reynolds	Wheeler
Connally	Hebert	Robinson, Ark.	White
Coolidge	Howell	Robinson, Ind.	
Copeland	Hull	Schall	
Costigan	Johnson	Schuyler	

The PRESIDING OFFICER. Eighty-nine Senators have answered to their names. A quorum is present.

Mr. LONG. Mr. President, I am at a loss to understand some of the very clear provisions in this bill. They take away from the Government revenue that the Government now has. It seems that if I would undertake to describe the bill creating the branch-banking system, contributing $125,000,000 of the Government's money to it and taking away from the Government the franchise tax, it would be necessary for me to say that this is apparently the most beneficent legislative action ever taken by the Government to promote monopoly. We had an antitrust law in this country; that is, some people thought we had one. It was employed once or twice to some little effect with some of the big companies of the country. We set it up as a standard against malice and wrongfulness that anyone undertaking to monopolize business or finance would do so at the peril of criminal prosecution.

We not only have been asked by this particular banking bill to allow monopoly, but we are called upon to waive our rights of criminal prosecution for violation of the law and above that we are called upon to wipe out the little men who have not violated the law. Just because the little bankers have observed the law and undertaken to live according to the law, we are to put a new law on those bankers and put them out of business in order to accommodate the group banks who have paid absolutely no attention whatever to the statutes of the Government. Then we are called upon by this nefarious legislation—and I use that in a charitable sense in so far as its sponsors are concerned—we are called upon by this proposed nefarious legis-

lation to give to these banking monopolies the franchise tax which has been enjoyed for months and years by the United States Government.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Oklahoma?

Mr. LONG. I yield.

Mr. THOMAS of Oklahoma. Can the Senator advise the Senate how much the Federal reserve banks have paid the Federal Government as excise taxes since the bill was passed in 1916?

Mr. LONG. I can not. I understand it is a considerable amount of money.

Mr. THOMAS of Oklahoma. Is it correct that when the Federal reserve banks pay their operating expenses, if there has been an excess for any year, that excess shall be paid to the Government as an excise tax?

Mr. LONG. After a 6 per cent dividend has been paid, the balance of their net earnings goes to the Government as a franchise tax.

Mr. THOMAS of Oklahoma. It is true that under this bill in the future these banks will not pay the Government an excise tax?

Mr. LONG. They will not.

Mr. THOMAS of Oklahoma. What becomes of their profits in excess of their expenses?

Mr. LONG. They go to the monopolies that are fostering the chain-banking system.

Mr. THOMAS of Oklahoma. Does the Senator understand that the Federal reserve banking system is a quasi-governmental system or a private banking system?

Mr. LONG. I had wanted to understand that it was a governmental system; but the way they have allowed these chain-banking groups and big interests to violate the law, they have turned it into a private institution.

Mr. THOMAS of Oklahoma. Is it not a fact that the Government prints the currency and sells it to the Federal reserve banks for about 75 cents per $1,000?

Mr. LONG. That is my understanding.

Mr. THOMAS of Oklahoma. And after the Federal reserve banks are enabled to buy a thousand dollars of currency for 75 cents, that the Federal reserve banks can issue credit to the extent of ten times that amount of currency for which they pay nothing? In other words, the Federal reserve banks can acquire a thousand dollars for 75 cents; they can loan a thousand dollars and get what interest their discount rate will permit, and, in addition, they can loan $10,000 in credit against that $1,000 and likewise get interest from that. So, out of 75 cents for an indefinite period the Federal reserve banks have $11,000 they can loan and on which they can collect the rediscount rate.

Mr. LONG. That is my understanding.

Mr. THOMAS of Oklahoma. And the gigantic profits they have made during the past 15 to 17 years have enabled them to build up gigantic banking institutions in the 12 Federal reserve cities; and now, when they have their bank buildings erected and have many employees—in the case of a New York bank, 1,100 employees, or thereabouts, with which to operate that bank—from this time henceforth they will keep this excess instead of paying it to the Government as an excise tax. Is that the Senator's understanding?

Mr. LONG. It is not only my understanding that they will keep the excess but that they are being instructed and encouraged, in order to keep the institution efficient, to reduce the wages of their employees so that none of them can get what even they were paid before when the banks had to pay the Government the excise tax.

Mr. THOMAS of Oklahoma. Is it not a fact that the Federal Treasury could very well use that franchise tax at the present time?

Mr. LONG. I am informed that the Secretary of the Treasury says he could do so, and that is what I understand. He is willing now to have a sales tax levied in order to get more money. The great holler around here has been, "We can not balance the Budget"; and yet, while the people of the country are begging for rations, the proposal is urged to give the monopolistic banks of this country thousands and millions and hundreds of millions of dollars that belong to the people, and the people of the United States have not even been given a hearing on this piece of legislation. It is the most monstrous thing to talk about these banks being allowed to pyramid the issuance of currency until they can get $11,000 by putting up 75 cents of out-of-pocket money. The Government is supposed to get back all they make over a legitimate profit of 6 per cent and operating expenses, but we find here the distinguished Senator from Virginia introducing a bill one day, sending it to a committee the same day, and coming back to the Senate with the same bill the same day, proposing to take all the money that has been going into the United States Treasury from these banks and putting it into the pockets of the banking monopoly, and, in addition, giving them $125,000,000 more, with the encouraging information that this will enable them to throw out of work about a third of the employees whom they are now having to pay. It is a most monstrous proposition. There has never been heard of anything like this in my day or in my time—trying to put this bill over on the people with no hearing. No wonder the Senator from Virginia—and I am sorry he is not here, but I do not think he wants to be——

Mr. GLASS. Oh, yes; he is here. [Laughter.]

Mr. LONG. I beg the Senator's pardon. Hereafter I will watch the doors rather than the seats. No wonder that the Senator from Virginia, in the brief debate we have had here on the appropriation bill, spoke lustily to protect big income-tax payers from extortion, and little ones, too, I take it, would come under that rule. The trend of the argument as reflected in this bill is apparently that the Government Treasury does not need the money, for the bill proposes as it is being pressed for consideration to eliminate the franchise tax altogether.

Now, here is a paragraph that through some oversight the authors of the bill did not strike out. This is from the original Federal reserve act:

> The net earnings derived by the United States from Federal reserve banks shall, in the discretion of the Secretary, be used to supplement the gold reserve held against outstanding United States notes, or shall be applied to the reduction of the outstanding bonded indebtedness of the United States under regulations to be prescribed by the Secretary of the Treasury. Should a Federal reserve bank be dissolved or go into liquidation, any surplus remaining, after the payment of all debts, dividend requirements as hereinbefore provided, and the par value of the stock, shall be paid to and become the property of the United States and shall be similarly applied.

I want the Senator from Oklahoma to note this. They have very liberally stipulated that the United States Government shall use the net earnings to retire the notes of the Government that are outstanding, but they have stricken out the provision with regard to net earnings from the franchise tax. Some one evidently has been guilty of a very serious oversight; they have left in the provision as to what shall be done with the money, the net earnings supposed to be derived from the franchise tax and otherwise; but they have stricken out the preceding several lines under which the United States Government got the net earnings.

Mr. President, this bill ought never to have been brought to the Senate. There is somebody to be considered other than the banks.

Mr. President, if we want to protect bank deposits, here is a way by which to protect them without costing the Government anything; in fact, it will give the Government money at the same time. The net earnings that these banks make above 6 per cent ought to be paid into the United States Treasury and used in the public interest for the protection of the depositors, in the prevention of bank failures, as well as for the liquidation economically when member banks suspend for any reason. We could take these net earnings and the United States Government could use that money if it did not need it in the Treasury—and I contend it does—to set up from time to time in the United States of America

a fund for the protection of depositors that would far exceed any fund which may be derived under this bill, and the people of the United States would not have to put up $125,000,000 to do it.

But instead of doing that, this bill strips the Government of the right to these net earnings; it strips the Government of the income from the franchise tax; it takes that money and puts it back in the hands of these monopolies and gives them authority to put branch banks all over the United States and empowers them in such a way that no independent bank can cope with them. The sponsors of the bill deprive the Government of its revenue in order that this monopoly may become more powerful, and then talk about the condition of the Treasury.

Who is it who has been raising all this howl about the condition of the Treasury? The very men who are going to vote to take the franchise tax away from the Treasury and give it to this banking monopoly are the same men who yelled to their lungs' limit on the floor of the Senate that we had to impose a sales tax in order to balance the Budget. The very men who stood here and burned the midnight oil claiming that they had to get more money for the United States Government because they had to balance the Budget are the very set of men who are sitting in the Senate to-day trying to put this bill over on the American people without a hearing and to take from the United States Treasury the profit it is getting to-day from the franchise tax on these banks. Yet they are the smart men in this situation. They know what it is all about. We do not. If they had given us a hearing, we might have learned something about it; I do not know as to that, it is doubtful; but, at least, somebody learned something, because the Senator from Virginia had one bill and, after a hearing on that bill, he withdrew it and then put in another bill. A hearing was had on that, and he withdrew that; but when he put this one in, he would not let them have any hearings. The chances are that he would have withdrawn this bill if there had been a hearing. I do not believe the Senator from Virginia, if he understood this bill, would be for it for a moment. I do not believe even the pride of authorship would persuade the Senator from Virginia to stand for this bill with the kind of provisions I have noted in it.

Mr. President, I have in my hand a newspaper, one of our leading public journals, the Daily Advance, published in Lynchburg, Va. Some one tells me that this newspaper is owned by the Senator from Virginia. I myself was once in the newspaper business, in fact, more than once.

This article, printed in the Daily Advance, I am sure has escaped the attention and notice of the Senator from Virginia, because this is a big paper. I used to write most of the stuff that went in my paper; but these big publications of this day and time do not have a chance even to attract the attention of the owners when they are engaged in big business or legislative work which I can well understand taxes all their time and physical effort. But this paper has an editorial. The editorial quotes from the Senator from Virginia about two-thirds of the way down the line and then takes me up. After quoting the Senator from Virginia, it says:

> The Louisiana Senator cares nothing about senatorial courtesy. He has exhibited a distaste for anything that might be connected with decorum and proper procedure in discussing matters of vital importance. There is no subject upon which he does not discourse with violence and at length. If garrulity—

I never saw that word before. [Laughter in the galleries.]

> If garrulity constituted the measure by which a man's ability is determined, Senator LONG should be a howling success. We have no doubt, as Senator GLASS seems to have no doubt—

Somehow or other it happens that the paper and the Senator agree [laughter in the galleries]—

> that the "Kingfish" will decide every national problem with promptness and precision and the Nation will soon proceed to return to normal conditions. If talk is all that is needed to direct this country into the paths of economic and financial stability, the other 95 Members of the United States Senate should graciously turn over the floor of the upper body of Congress to the Louisianian and retire to more peaceful pursuits than the business of trying to remedy national ills.

Mr. President, I am very much grieved that I should have inspired any such comment as that. I must confess, in defense of whatever conduct brought about such criticism, that in my compelled ignorance of rules and customs, my lack of knowledge of the formalisms and procedures which govern this body, my eagerness and hope that somewhere, somehow, sometime, and by some means I might grab a strangle hold and preserve some little, insignificant right belonging to the public when they are being taken away by the big banking interests—when I saw a bill that had been introduced one day, brought back that day, not heard, nobody heard from, in my eagerness I jumped up at the earliest possible moment to see that somebody, somewhere should be heard at some time in defense of a proposition by which an unbalanced Treasury was being deprived of the earnings and the little banks of the country were being swallowed up and not even being given a chance to be heard about it.

There is such a thing as courtesy belonging to the people. We do not ask for any courtesy. We ask for something to eat. We ask for something to wear. If we can have that, we will give you the floor all day, or all the week, or all the month. We are asking for something for these people in this land of too much. We do not care about the little formalisms and practices. We are willing to concede you every right on the living face of the earth. In fact, we do not even know how to preserve what rights we have had. But if some one wants to talk here about discourtesy—which I hope can not be successfully charged to me, but if it can I apologize for it—what are you going to say about the 120,000,000 of American people who have seen this land of too much to eat become a veritable center of starvation?

These letters continue to come in. Here is another one from Virginia. I get them from every other State in the Union, or, perhaps, I should say nearly every one. Here is how another one of our Virginians looks upon the matter. He says:

> I desire to call attention to what the large banks did to the small banks in this country from 1914 to 1929.
>
> These large banks sold worthless foreign bonds to about all the small banks throughout the country to the extent of $16,000,000,000 at a small discount on the face of the bonds. Then the crash came, and busted thousands of small banks throughout the country. Now Senator GLASS comes along with his banking bill. He wants the Government, by the provisions of his banking bill, to accept these worthless foreign bonds as security for bank circulation. He would have the Treasury of the United States accept these worthless foreign bonds, which he calls "eligible paper," at their face value for bank-circulating notes.

Mr. President, I had not understood that that was part of this bill. I had not so understood it. I have not had any chance to study the matter as I should like to, but this gentleman writes as though he were a pretty well informed man from the State of Virginia. He gives his home as Vienna, Va., and he writes like a man who is pretty well informed. This is a matter that ought to receive the most careful scrutiny and investigation, because if the large banks were able to unload $16,000,000,000 of foreign bonds on the little banks of this country, even while we maintained them as supposed-to-be separate units, think of the particular opportunity which they would have to float these bonds if they were branches direct.

This letter continues further:

> This is Senator GLASS's way of inflating the currency; but the option to inflate the currency with circulating notes would be held by the big banks, and they would not inflate the currency with the circulation received. The big bankers are to a man against inflation. They can not corner all the money when the currency is inflated.

Mr. President, I do not know just how well founded this statement is. It does not sound to me as though it could possibly be correct; but when I first heard the assertion, I did not think it could possibly be correct that the Glass bill was taking away from the United States Government the excess earnings and the franchise tax. If it had been anybody less than the man who wrote the Federal reserve act in the United States Senate who brought me that information, I would not have believed it; but when I see things of that

kind in this bill, I do not know what is in the bill, and I am afraid the Senator from Virginia does not know what is in it.

I wish to read now just a little extract from a letter that I received from New Jersey. The letter is dated January 8, 1933. It is from a citizen of East Orange. In it he compiles a number of statistics. If there is any error in the statistics—which I am sure there is not, because they seem to be very well copied—I shall, of course, ask permission to correct them or to be corrected.

He says:

I have just read in the American Banker that 200 branches (bank) have been closed in Canada since January 1 to November 30, this year. In 1921 Canada had 4,659 branches, and on June 1, 1932, they had a total of 3,699 branches of 11 banks.

That means that in that length of time, from 1921 to 1932, out of the 4,600 banks they closed down about 1,000 of them. In other words, they closed about 25 per cent of these Canadian banks from 1921 to 1932 under this great branch-bank system that they tell us they are going to give us here; but that is not half the story. They not only closed those banks, but listen to what else they had to do.

This letter continues:

I received a statement from the Minister of Finance of Canada showing Canada had 26 bank (home) failures—

That is, 26 of the head-bank failures—26 failures of the big banks with branches—

had 26 bank (home) failures, with a total of 340 branches, since 1867, the date of federation, to 1923.

They have only 11 of them now, and they have had 26 systems closed down.

The total deposits of the failed banks—

This is a very significant thing that I wish Senators to see. It cuts the ground from under any kind of an argument that they are trying to make in defense of chain banks based upon what has happened in Canada; and I will go further and show you so many more things against it that you can not even consider it.

The total deposits of the failed banks were $37,987,748, and the actual losses to depositors were $13,754,000.

Out of $37,000,000 of deposits, they lost $13,000,000 of their depositors' money.

Now, compare these figures with the total loss to the depositors in failed banks in the United States in the same period, and you have the statement of the Comptroller of the Currency in his report of 1931 that shows an actual loss of only 11.6 per cent, and the total deposits in all banks in Canada were about $2,000,000,000, compared to the total deposits in the United States in all banks of over $50,000,000,000. Also compare over 110,000,000 population in the United States to about 10,000,000 in Canada, and over 28,000 banks in the United States to 26 banks in Canada in 1923. The depositors' loss in Canada was over 30 per cent compared to 11.6 per cent loss in the United States to depositors in failed banks.

In other words, you have 11 per cent against 30 per cent on what Canada has done as compared to what the United States has done; but do not let me forget to tell you that that is not half the story. That is not one part of it. On the contrary, Canada did not pay them off as well as these figures indicate, and nothing like as well, because when England went off the gold standard the Canadian banks paid off these depositors in a depreciated currency, a dollar of which was worth only 66 cents at the time of the payment, whereas in the United States these banks paid off in an appreciated currency, a dollar of which was worth $1.50 at the time they paid it off. The United States banks paid off with an appreciated currency of $1.50 to $1, and our depositors lost 11 per cent. The Canadian banks paid off in a depreciated currency of 66 cents for a dollar, and their depositors lost 30 per cent; and that is not half the story, still. That does not even start to tell the tale.

The banks of Canada did not furnish any such thing as a banking service to the people of Canada. They do not do it now, and they never have done it. They have as many resources in Canada as we have in the United States, practically all of them. I mean to say that at least from 50 to 60 per cent of the assets of the banks of that country are in government bonds.

They do not do a commercial lending business. Such a thing as trying to furnish capital by credit sufficient to carry on business is almost unknown to the banking system of the Dominion of Canada.

Gentlemen talk about England. We are told in one breath by the great students of history, and of science, and of psychology, and economics, and everything else that goes with them, that the finances of England broke down and broke the financial structure of the United States Government. They tell us that it was the great failure of the currency of England that had held up the pound sterling as the standard of value throughout the civilized world, from a time when the memory of man runneth not to the contrary. They tell us that England was so important to the financial structure of the United States that it was the fall and the failure and the collapse of the banking and currency structure of England that brought down the United States in the fire that was sweeping across the Atlantic. Although they tell it was England that brought us down, although it was England that failed, England that went off the gold basis and made the pound sterling fall approximately 30 per cent in value, in the next breath they say to us that we, who have suffered and failed as a result of the collapse of England, should swallow the branch-banking system on the example of England, which in one breath before they told us had meant our own collapse as well as its own.

Smart men! They understand that logic; I do not. They understand just what that means; I do not. I have never been able to understand it. I was taught that a straight line represented the shortest distance between two points; but that does not count in this kind of legislation; that does not work.

I was taught that a man facing the east would travel to the east; but that does not work. We are told here that a man who travels in the direction of the collapse of the pound sterling in the world market, by adopting the science and the statistics of Canada and England, is going to find solvency where they found financial collapse, and they are the statisticians who have given the information upon which all of these tests are made.

Now, I want to read a little further from this letter. I want to inquire, if I may, Mr. President, from the Senator from Maine [Mr. HALE] and the Senator from Oregon [Mr. MCNARY] whether it is going to be their desire to take up the deficiency bill this afternoon? I do not want to have it understood that I am holding that up. I am merely undertaking to carry the Glass bill as far as I can this afternoon, but not to interfere with the appropriation bill. If they want to go on with it, I am ready to yield the floor at such time as they see fit to take the appropriation bill up.

Mr. MCNARY. In the temporary absence of the Senator from Maine I may advise the Senator that a little later in the afternoon we shall probably ask him to yield.

Mr. LONG. Very well. The letter to which I have heretofore referred reads a little further:

England is about the size of New York State, and they have five banks (called the Big Five) that control 95 per cent of the banking system of England; they have thousands of branches throughout the Empire.

If we adopted that system in America, you would create a system that would be more powerful than the Federal reserve system, and they could and would dictate to the Federal reserve bank and to the United States Government itself what should be the proper functions regarding banking according to their way of thinking, which, of course, would be for their benefit only.

Which is correct, and apparently this bill foresees the necessity of the Government's getting its house in order to have the Federal Reserve Board dictated to by these banks, rather than having the board dictate to the banks. Why? The Government has stopped taking their revenue, which now supports the Treasury and the Government and builds levees and roads and runs the post offices. The Government is giving the revenue back to them. That is not all the Government is doing. It is putting up $125,000,000

more of Government money. That is not all the Government is doing. It is putting the stamp of approval on group banking, which they have maintained in the teeth of the law.

Billions of dollars the Federal reserve bank loaned the New York banks prior to the smash of October, 1929; and this money was in turn loaned to Wall Street brokers, who in turn carried speculators so they in turn could buy stock on margin. They bought stock that was paying dividends from 4 per cent down, and the money cost them as high as 18 per cent. But the United States Government loaned the money out of the Federal reserve system to the banks to do it. At a time when the farmers of this country were practically without such a thing as credit at all, the money was loaned that cost as high as 18 per cent, with the United States Government knowing at the time that they were buying stocks that were not paying over 4 per cent.

Take United States Steel. They were paying about $250 for $100 worth of par stock of United States Steel, and United States Steel never had paid over 5 or 6 per cent dividend, as an ordinary proposition. Yet, they had United States Steel up to where they were paying $250 for $100 par value, and the United States Federal reserve system was financing it.

Take the American Telephone & Telegraph Co., a good corporation. I know that, because I investigated the telephone rates in my State when I was chairman of the public service commission of that State for a number of years. They were paying a dividend of 9 per cent a year, but they had that telephone stock up to where it was selling, I think, for as high as $385 for a hundred-dollar share, and the highest return they could possibly get was a little over 2 per cent for something that the Federal Government was allowing them to finance at a rate of interest so high that it could not possibly carry itself.

Everyone knew that except the governors of the Federal reserve bank. The following report made by the Federal reserve bank in their September 11, 1929, bulletin should give all food for thought to show how the Federal reserve law was abused. (This is a mild word to use.)

Federal reserve bulletin, September 11, 1929:
For own account of New York banks, $1,017,000,000.

Out of the $5,500,000,000 of United States Government currency there is not actually, outside of the money to pay checks and run stores, $800,000,000 in the banks to carry on business to-day, and they had at that time a billion dollars and over in the account of the New York banks.

For accounts out of town banks, $1,841,000,000.
For "others'" account, $3,616,000,000.
Total loans made by the New York banks, $6,474,000,000.

Total loans in 1929 made by the New York banks alone were $6,474,000,000 when the entire circulating currency of the United States Government, all put together, was but five and one-half billion dollars.

Six and a half billion dollars were loaned to the accounts of the New York banks, with a circulating medium of only five and one-half billion dollars in the entire length and breadth of the United States; and how much would it have been if they had had the chain-banking system legalized at that time? Talk about a collapse! We would never have heard of such a collapse on the face of the earth as that which would have occurred at one time if they had held the responsibility for loans they farmed out to the United States under the New York banks in 1929.

Stock exchange report, August 31, 1929:
Total loans from all sources, $8,000,000,000.

Against a circulating currency of the United States of five and a half billion. That is just what each of these is. You add one to the other to get the total amount.

The point I am making is that if we assume the Federal reserve bank was within the ghost of gunshot distance of right, it would be to-day so clear to every man here that he could see it as clean as the noonday sun, that it is impossible to carry on the business of the United States to-day with a circulating currency of only five and a half billion dollars with that kind of paralysis and collapse.

It is impossible to do it. Yet this bill is designed, we are told, is being put up and advocated, chiefly in its various and sundry branch-bank features, in order to keep the United States Government from remonetizing silver or inflating the currency. We are told that this kind of legislation is necessary to keep that down.

To return to branch banking, Mr. President, here is branch banking analyzed again:

1927: Number of banks, 3; branches, 7; deposits, $2,851,000.

1928: Number of banks, 4; branches, 8; deposits, $2,895,000.

1929: Number of banks, 10; branches, 18; deposits, $19,995,000.

The branches were just beginning to go to work and defy the law.

1930: Number of branch banks that failed, 40; branches, 149; deposits, $350,310,000.

1931: Number of branch-bank failures, 96; branches, 241; deposits, $457,134,000.

In other words, the number of branch banks that failed increased from 3 in 1927 to 96 in 1931. They failed in 1927 for $2,800,000, and in 1931 they closed for $457,000,000. The number of branch banks increased every year. Now, pay attention to the figures for other banks:

1927: Six hundred and sixty-two individual banks failed for $193,000,000.

1928: Four hundred and ninety-one individual banks failed for $138,000,000.

1929: Six hundred and forty-two unit banks failed for $234,000,000.

1930: One thousand three hundred and forty-five unit banks failed for $864,000,000.

1931: Two thousand two hundred and ninety-eight units failed for $1,691,510.

A comparison of these figures shows that in 1927 one-half of 1 per cent of the total bank failures were banks with branches and 1½ per cent of the total deposits were in the banks with branches. In other words, in 1927 one-half of 1 per cent of the total failures were branch banks and 1½ per cent of the total deposits were in banks with branches. In 1928, 1 per cent of failures were branch banks and 2 per cent of the deposits were in banks with branches; in 1929, 1⅝ per cent of the failures were branch banks, for 9 per cent of the deposits. In 1930, 3 per cent of the failures were branch banks, for 40 per cent of the total deposits; and in 1931, 4 per cent of the failures were branch banks, for 27 per cent of the total deposits.

The point is that when times became severe the branch-banking percentage went up, with only a few branch-banking systems, to where 40 per cent of the total deposits lost in 1930 were in the branch banks, whereas in 1927 it was only one-half of 1 per cent. The point is that in times of distress it is absolutely impossible for the branch banks to take care of themselves. This was at a time when we had comparatively few branch banks in the United States, and yet in 1930, 40 per cent of the deposits lost were in the few branch banks that we had in the United States.

These figures are taken from the testimony of the Comptroller of the Currency, Hon. John W. Pole, before the Banking and Currency Committee of the House of Representatives in hearings on a bill to provide a guaranty fund for deposits in banks.

Mr. President, I now come to bank suspensions. I admit, of course, that more little banks have gone broke than big banks. That is because there are more little banks in proportion to the total number of banks. It is no argument to say there are more little banks broke than big banks. Certainly there are. There is a little bank in every community in the country and yet Senators come here and say, "Look at the terrible condition that exists." There is no great sanctity to be thrown over a national bank. We are not going to help the banking situation by nationalizing it as this bill proposes to do.

When we get to banks that had over $1,000,000 of capital, it will be found that of the suspensions of banks with big

capital, the State banks were much better off than the national banks. The State banks only showed 5 per cent of failures among banks with a capital of over $1,000,000 while the national banks showed 7 per cent of failures in banks with capital of over $1,000,000.

To show the kind of theory that is advocated by the bill, I want to refer to a little leaflet that I have here that is being circulated—but before I come to that I want to go a little further with something else before I am interrupted, because I have promised to yield the floor pretty soon. I want to go a little further so that before I yield the floor I will give the Senate some very enlightening information.

I hope that the information I have will not be disputed. If I have not misplaced it here—and I am sure I have not—I am in a position to give the Senate some very enlightening information as to what is back of this bill besides the Senator from Virginia. I will be able to supply a little information as to the elements of speculation injected into its consideration.

The monopolists will find a way to monopolize things, and we are not going to stop them with this bill. The monopolists are on their way. There is a lobby of paid propagandists maintained here. In the hearings in the Power Trust investigation in 1929 there were some interesting disclosures. I have not been able to get all the details, but the Power Trust had a propagandist here, a gentleman who sent out his stuff to all the papers, a gentleman by the name of J. S. S. Richardson. We find to-day the Glass bill being propagandized in the same way the Power Trust propagandized itself with a lobby here to whip the thing over, with propaganda going out over the name of James Stuart Richardson. It was with some difficulty that I found out that J. S. S. Richardson of the Power Trust is the James Stuart Richardson of the Glass bill propaganda. Hah! It is funny business that is going on in this country, Abel and Cain become the same man overnight in this kind of a situation. It is very hard to identify them.

The propagandists have tried to fill the columns of the daily and weekly papers and the weekly and monthly publications. They have tried to fill them full of the kind of inspired propaganda that is being sent out all over the country. The pitiful part of it is that some of our own men in Congress, here in the Senate and in the House, reading the inspired propaganda going out of here, are yielding some of their own opinions to that kind of publicity that is being sent out from Washington. They have taken over the old Power Trust lobby. They never go out of office. They do not have to elect a president, nor a vice president, nor a recording secretary. They have the same set they had before. All they have to do is to move in and put another sign over the door and change one or two initials—change a name for an initial or an initial for a name.

Their stuff goes out all over the country, and many of our learned statesmen, including myself—not among the learned but among the men who are allowed to associate with the learned—many of our learned statesmen have sat here at night studying the great financial publications as to the benefits that would come to the people, and studying the inspired propaganda that goes over the East and the West and the North and the South, all of which is inspired by the publicity that is being issued for the Glass bill, just as they did it for the old Power Trust when they were spreading their wings over this country. I do not know how many people have noticed it, but the same general sentiment that was for the one will be found to be for the other.

Here is some of this inspired publicity. They quote a long conversation and some incidents and haphazard circumstances occurring around the corridors. One day they quote one banker, and another day they quote another. I am not going to send this to the desk to be read, because I have indulged the Senate too much in asking the clerk to read these excerpts. I am not going to send this to the desk to be read, but I will keep it here in case anyone should desire further proof along this line.

Here is another kind of publicity on Branch Banking as a Relief to Credit Stringency, by James L. Welch, of Detroit, Mich. I investigated, and I find that Mr. Welch represents the Michigan group banks. They undertake to tell all about England and Canada, with which I have already dealt sufficiently. They give some publicity to some of our distinguished Members of the Senate.

With all this inspired propaganda the public mind of America in the cities and in the towns and in the great open spaces is just as much against the Glass bill as though they had not been given all of this information. I have here a letter from a gentleman. He does not tell me not to read the letter, but he deals in bank stocks out in Omaha, Nebr. He is associated with a large concern, and they have had some experience in this line as big dealers in bank stocks. This letter and similar letters I hold ready to submit to any Senator, not almost any Senator, but to any Senator. What I read is here to be perused by them:

> I know of no greater opportunity for real service to all the people of our great country than is afforded in the opportunity to defeat this attempt at monopoly for the great banking interests of the country.
>
> The control of credit carries with it the power to prosper or destroy any individual or institution through the extension or withholding of credit.
>
> I want you to know that your many friends throughout the United States are whole-heartedly and unanimously back of you—

Well, I will not read any further. I merely want to give the opinion of the writer of the letter. I have picked out only a few letters from many in order to give as wide a range as I can as to how the country really stands, as was shown here yesterday by the bulletin which I had inserted in the RECORD. Here is a letter from Philadelphia, dated January 10, from which I quote as follows:

> Senator GLASS's proposal means only one end—control of the banking system by a combination of powerful financial institutions which, in turn, could and would control commerce and industry.
>
> Do you recall the strangle hold the old money pool under the Chase Act gained over business in those days?
>
> The finance buccaneers have never given up their battle to gain control of the country's finances since. * * *
>
> If domestic branch banking is to be permitted under the Federal reserve system, no member bank should be allowed to establish a new bank outside of the State of the parent bank.

This letter is signed, as I have said, by a gentleman living in Philadelphia.

The letter which I have in my hand, Mr. President, contains a great deal of the data which were submitted yesterday by the Senator from Utah. It is largely in answer to the effort to compare our banks with foreign banks. I want to show what would happen. America does not do things by haphazard classes; America either goes all chain or no chain. America should be compared more or less to Australia. The writer of this letter says:

> The independent banker points to Australia where the Bank of New South Wales, with $425,000,000 deposits, operating 192 branches and 642 offices—

Here is the ideal case of branch banking—

> and 642 offices closed, virtually wrecking that entire country for 50 years to come.

The writer of the letter calls attention to the fact that—

> Italy had four huge branch-banking systems at the close of the World War; to-day there are two left, and Mussolini had to form a finance corporation similar to our Reconstruction Finance Corporation to save them.

The great examples afforded by England and Canada have been cited, but they have been exploded from top to bottom. Nothing is said about other examples outside of England and Canada, which are the saddest kind of examples for branch banking. No worse examples could be cited to the Senate than those two. When, however, we go outside of them and look to Australia, we learn that that entire country has been wrecked for years because of one great chain system of banks, with 192 branches and 642 offices closed down, thus "virtually wrecking the entire country for 50 years to come."

The German Government during the troublous days of 1931 had to take over and reorganize all the "D" branch-banking systems that collapsed.

Of course, it may be said that that is due to the conditions of the country. Certainly, that is so, just the same as it is true that bank failures in America are due largely to conditions in the country. There have been many things to contribute to bringing on present economic conditions; but bank failures, to a large extent, in America have been due to those conditions. Where there are banks dependent upon agriculture, and agriculture fails, the banks can not keep open; where there are banks dependent upon manufacturing, and the manufacturing industry collapses, the banks are almost necessarily bound to collapse if they have been extending credit to that kind of institution. There is no need to try to find any other reason; for when a country is failing that condition is bound to reflect itself in the failure of banks.

Then the writer of the letter from which I have been quoting says further:

In Sweden and Norway, when Ivar Krueger committed suicide, the Government had to come to the rescue of all the branch banking systems to save them.

They have the branch banking system in Sweden and Norway, but a little handful of men, dominated by Mr. Krueger, obtained such control of the banking resources of Norway and Sweden that a collapse came there from the activities of this man, and that collapse has affected America from one end to the other, as well as breaking up Norway and Sweden, financially speaking.

Mr. President, what kind of a light do Senators want in front of them to make them vote against the branch banking proposal? The facts show that when the terrible depression came, although we had comparatively few branch banks, 40 per cent of all the people who lost their money in 1930 had deposits in the few branches we had then in America. We have the example of Canada showing that branch banking has been a monumental failure; we have the example of England, where it has been a failure; we have the example of Australia, where it broke the whole country; we have the example of Norway and Sweden, where it wrecked them; we have the example of Germany, where it failed; we have every pointed example on God's flaming face of the earth that everywhere, every time, every place, under any circumstances, that they have ever tried this concentration of finance and control of wealth in the hands of a few, it has led to the collapse and destruction of the country. Yet statesmen are standing here telling us that we ought to take money out of the United States Treasury and put it into the hands of a few in order that they might monopolize the banking system of the United States.

The writer of the letter continues:

Everybody is familiar with what happened in England in 1931. The Britishers started running the banks; first one of the big five was reported in trouble, then another; finally they came over and borrowed $250,000,000 on their best securities from the Federal Reserve Bank of New York—

Oh, the branch banking system in England has been a great success, such a great success that it came over to the United States and borrowed $250,000,000 of our money, and then we may lose our money. What a wonderful system it has been.

finally they came over and borrowed $250,000,000 on their best securities from the Federal Reserve Bank of New York to try to stem the tide; then, to keep them from utter collapse, the Government goes off the gold standard and pays its depositors in depreciated currency, which means a 30 per cent loss, not only to every depositor but every man and woman who owns a pound. Witness, if you please, the fact that less than 4 per cent of total deposits in the banks of the United States are lost to its depositors.

Mr. President, in all the banks in the United States put together that have broken, the depositors have only lost 4 per cent of the total deposits, whereas in England if every one of the banks had remained open the least the depositors could have lost under the depreciated currency was 30 per cent on the dollar. That does not mean anything! No; I do not understand figures, I do not understand the philosophy of government or the science of finance. The master hand of banking manipulation must come into this picture. Figures I can not read; signs I do not understand; history I have not studied; but those calculating, designing influences which are to-day allowing starvation in a land of plenty, those master minds to-day that can hold themselves up as the great, shining, perfected, proven examples of masterful finance because they have had their way in financial legislation in the United States for the last 15 or 20 years, have brought the country to the brink of collapse and of ruin and of stagnation.

Yet they come here and tell us that they purport to be our saviors in this crisis and in this pitiable period of the Nation's history. If they were unable to save the country, controlling it as they did, in the years past, they are bad prophets to follow now; they are the prophets who have given the advice which has failed. Who are the men who have caused us to send our money to Europe? They are the men who to-day are back of the Glass bill. Who are the men who caused us to make all these extensions, to make all these plans based upon theories of their own? They are the same set that is behind this Glass bill to-day, the marketers of foreign securities which burden down our banks, who concentrated our wealth, who stagnated our markets, who have had the people starve in the shadow of the food to eat; this set who has reformed civilization so that so long as there is too much to eat there will be starvation, and so long as there is too much to wear there will be nakedness; this set to-day that says, "By reason of our shining example and great benefit and wonderful prophecies and the advice that we have given you in the past, not having quite wrecked you yet, give us one more chance and see what happens to you." That is the set who come back here to-day to try to put over the Glass bill and legislation of this kind.

Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Hull	Robinson, Ind.
Austin	Couzens	Johnson	Schall
Bailey	Cutting	Kendrick	Schuyler
Bankhead	Dale	King	Sheppard
Barbour	Dickinson	La Follette	Shortridge
Barkley	Dill	Lewis	Smith
Bingham	Fess	Logan	Smoot
Black	Fletcher	Long	Steiwer
Blaine	Frazier	McGill	Swanson
Borah	George	McKellar	Thomas, Idaho
Bratton	Glass	McNary	Thomas, Okla.
Broussard	Glenn	Metcalf	Townsend
Bulkley	Goldsborough	Moses	Trammell
Bulow	Gore	Neely	Tydings
Byrnes	Grammer	Norbeck	Vandenberg
Capper	Hale	Norris	Wagner
Caraway	Harrison	Nye	Walcott
Carey	Hastings	Oddie	Walsh, Mass.
Cohen	Hatfield	Patterson	Walsh, Mont.
Connally	Hayden	Pittman	Watson
Coolidge	Hebert	Reynolds	Wheeler
Copeland	Howell	Robinson, Ark.	White

Mr. LA FOLLETTE. I desire to announce the unavoidable absence of the senior Senator from Minnesota [Mr. SHIPSTEAD].

The PRESIDENT pro tempore. Eighty-eight Senators having answered to their names, a quorum is present. The Senator from Louisiana has the floor.

Mr. LONG. Mr. President, I shall have to ask for a little bit better order in the Senate.

The PRESIDENT pro tempore. At the request of the Senator from Louisiana, the Senate will preserve order; and the Senator will suspend until the Senate is in order. [A pause.] The Senator from Louisiana will proceed.

Mr. LONG. Mr. President, the National State Bankers' Protective Association, of Atlanta, Ga., have seen fit to write me with regard to this bill. I am sure that they have already written their own Senators; and they inclose me a resolution which has been adopted by the Country Bankers' Association, which I send to the desk and ask to have read.

The PRESIDENT pro tempore. Without objection, the clerk——

Mr. GLASS. I object, Mr. President. We so much prefer to hear the mellifluous voice of the Senator from Louisiana that I am not willing to have the harsh voice of the clerk disturb us.

The PRESIDENT pro tempore. Under the rule, the question will be submitted to the Senate whether the document shall be read by the clerk or by the Senator occupying the floor.

All those in favor of having the clerk read will say "aye." [A pause.] Those opposed will say "no." [A pause.] The noes appear to have it.

Mr. LONG. I demand a division, Mr. President.

After a division—

The PRESIDENT pro tempore. The Senator from Louisiana will read.

Mr. LONG. Mr. President, I thank Senators for this great expression of fealty which they have toward having my vocal strains resound through this Chamber. I should have been disappointed, it would have been an act of immodesty on my part, had I not permitted the Senators themselves to say that they wanted to hear me.

I do not know of anyone who has been told in the Senate, even against his own will, that the Senate desired to hear him, as I have been here this evening. It is a compliment which I truly appreciate. I shall carry with me, in what few days or few years I have in this body, appreciation for the Senator from Virginia; but I will read the resolution myself.

Mr. BLAINE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Louisiana yield to the Senator from Wisconsin?

Mr. LONG. Yes, sir; I yield to the Senator from Wisconsin.

Mr. BLAINE. The Senator appreciates that this is a deliberative body.

Mr. LONG. I have heard that.

Mr. BLAINE. And it is very difficult, because of the noise in the Senate and the general disturbance, to hear the reading of a document unless it is read deliberately, according to the traditions of this deliberative body.

Mr. LONG (reading):

Resolutions adopted May 12, 1932: The Country Bankers' Association of Georgia, assembled at Macon in its sixteenth annual convention, has given careful consideration to a discussion of legislation pending in the Congress of the United States affecting banks and banking, especially S. 4412, known as the Glass bill, and H. R. 10241, known as the Steagall bill, and takes this method of recording its views thereon, as follows:

"*Resolved*, That we are of the opinion that legislation such as proposed in the Glass bill (S. 4412) is inopportune at this time, and until such time as a competent commission has had time and opportunity to study the probable effect of the proposed legislation"—

Am I reading too fast?—

" and ascertain if the various provisions are so drawn as to promise any improvement in conditions sought to be improved.

"As to those provisions proposing to legalize State-wide branch banking by national banks, regardless of the laws of the several States, as well as those providing for changes in the method of liquidating closed banks, we are firmly of the opinion that such legislation would be unwise and subversive of the public interest, either now or at any other time."

This is from the Country Bankers' Association of the State of Georgia.

Resolved, That we oppose the enactment of the stamp tax on bank checks.

That is May 12. I only read that part of it to show that this was passed May 12. I will not read the whole document.

I have in my hands another document prepared by F. R. Jones, secretary National and State Bankers' Protective Association. He says, among other things:

In the Glass bill, S. 4412, section 19, is a provision allowing national banks to establish branches anywhere within the limitation of their respective States, and even beyond State lines if within a radius of 50 miles of the home of the bank.

Certainly there is no warrant either in logic or in the experience of banking for the last few years leading to the conclusion that branch banking is more successful than independent banking in this country.

I hope Senators understood that. I am going to read the last few lines again.

Mr. President, I shall have to demand order.

The PRESIDING OFFICER (Mr. FESS in the chair). The Senate will please be in order.

Mr. LONG. The Senator from Virginia [Mr. GLASS] wants to hear me read this, and I must ask my colleagues not to prevent me from being heard.

I will read that again:

In the Glass bill, Senate 4412, section 19, is a provision allowing national banks to establish branches anywhere within the limitation of their respective States, and even beyond State lines if within a radius of 50 miles of the home of the bank.

Certainly there is no warrant either in logic or in the experience of banking for the last few years leading to the conclusion that branch banking is more successful than independent banking in this country. Branch banking can not be made successful with a small number of units in a restricted territory, and there is no reason why it should be more successful with a large number of units over a wider area.

I have not the data from which to compile statistics along this line, but I know of a number of local branches and chain-bank systems that have closed, and I believe the number of branch banks in existence is just as great as the number of independent banks.

As a matter of fact, there are more, a great many more, as I have already shown. There is no comparison between the two.

Mr. President, these Georgia bankers met again on January 5, 1933, and adopted this resolution:

Resolved by the executive council of the Country Bankers of the State of Georgia, in regular meeting assembled, That our Senators and Representatives in the United States Congress are hereby urged to use their votes and influence in shaping legislation affecting banks along the lines of the resolutions adopted by the annual convention of the association on May 12, 1932, and that the secretary of the association be instructed to communicate those resolutions, with copies of the resolutions of May 12, to each member of the Georgia delegation.

That means that they stood as they did when they adopted the previous resolutions which I read.

We call attention to the fact that banks are established to serve the people of their communities. The performance of this service is obliged to entail expense. Such expense must be used in one form or another by the recipients of the service. For many years payment for these services has been derived from profits on the use of the funds deposited with the banks as well as from certain charges for specific items of service. Banks can not prosper or continue to serve their communities unless they can secure sufficient compensation to pay for expenses, losses, and reasonable profit. The tendency during the last 20 years has been to limit and to curtail the compensation derived by banks for various services, and this has had a great deal to do with the closing of a great many banks. We are asking that Congress remove some of these restrictions rather than impose others that might still further impair the ability of banks to successfully serve.

There is practically a unanimity of opinion among the country banks from one end of the country to the other against this bill. I have not had the time to-day, but to-morrow I intend to point out the views of some of them, if I may be given the floor, unless some other Senator should desire it for some other more worthy purpose; and I must confess that if some Senator wants to undertake to get relief for the farmers, to get relief for the people, I would not allow my pride of persuasion to prevent me from yielding the floor, or to have my part in the framing of this bill stand in the way of taking up what is necessary to relieve this country from its distress.

We are ready at any time, any moment, any month, any week, to lay aside this kind of discussion and give people a hearing before a committee on this bill. The people of the United States have never been heard a bit on this bill. This bill was introduced one day, was sent to the committee the same day, and was sent back the same day, reported favorably, a bill which would take a lot of money out of the United States Treasury, and giving the people no chance.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield to me?

Mr. LONG. I yield.

Mr. THOMAS of Oklahoma. I might suggest to the Senator that on to-morrow, if I can get the floor, I will seek to divert the attention of the Senate from the text of the

bill to the condition which confronts the people of the United States in the several States and cities of the country.

Mr. LONG. Mr. President, I think it is high time that somebody was doing that. I have been trying to do that myself here for about three days, and I tried to do so for several months before that, and for a year or so before that. It is high time, gentlemen of the Senate, that we were thinking about the people of this country. It is time, instead of talking about these various and sundry little 2 by 4 resolutions, and consolidating banks, and doing this and doing that, that we thought about the people who have not any bank accounts. It is time we began to think about the people who have not anything. We ought to stop all this kind of business until the pyramid has a base on which to stand.

Let us talk about expanding the currency, talk about giving the country a medium of exchange, or remonetizing silver. That is what the people of the United States want. If we could submit a questionnaire to the people of the United States, out of the 50,000,000 people who might be entitled to vote as being above the age of majority, we would find that there would not be less than 95 per cent of those people who would want us to remonetize silver in the United States to-morrow.

Some of us, and I am one of them, have set ourselves up as advisors and regulators of the people. We have set ourselves up as knowing more that would be for the benefit of the people than the people know, and we have made a sad mess of it. We have not proved our capacity to the point where we have a right to claim any more credit in the minds of the people in view of what is happening in the United States to-day.

It would have been better for us to have taken the advice of the people of the United States. What was the advice of the people of the United States, Mr. President, if I may be permitted to ask here? The best advice the people had was the advice given to them by a candidate for public office, by the President elect of the United States, his promises of what he would do. I went out and repeated those promises, and many others here did the same thing. There was some more good advice given to this country from the Republican Party, the same caliber of advice that was given to this country by the present President of the United States when he said that his conception of this country was as one where the wealth was not concentrated in the hands of the few.

What have we done here? Is there anything in this bill that purports to say that we are going to give the people a sufficient medium of exchange to carry on business? No; not a word. Is there anybody on the floor of the Senate or anywhere else who has had the temerity even to suggest that there was a suspicion of a line in this bill that was going to decentralize wealth? Not one line.

It is high time that the Senator from Oklahoma and others of us here were getting somewhere. It takes more than a few days to do it. But I do believe it is the mind of practically every Member of the United States Senate, if he understands the conditions as we would all like to understand them, and as probably none of us, in a way, understand them, that we should get down and feed the people with the surplus foodstuffs we have in our country, because we may not have as long a time to do it as we may be thinking we will have. I was yesterday talking to one of the most conservative-minded men in the Senate, and one of the best students of government, and was surprised to have him say to me that we would better do something in Congress for the people of the United States now, because, as he said—

I do not know how much longer they are going to give us a chance to do it.

All we have done this session has been to debate the Philippine bill, about some future generation perhaps being free or not being free, and debate various and sundry little formal measures. Here we are to-day trying to close the door with a branch banking bill, so that the people of the United States will not be able to undo the harm that has already been done. But we ought to be doing something. I would like to appeal to Senators, in the minds and the hearts of the people of the United States, if they are understood by their Senators and by their Representatives, what they want us to do and what we ought to do is to adopt a means of exchange sufficient to take this food and clothing and these homes and put them into the possession and ownership and use of the people of the United States, rather than have them stagnated and withheld from the people who need them so badly in these times of trial and distress.

Mr. McNARY. Mr. President, will the Senator yield to me to make a motion?

Mr. LONG. I yield.

Mr. GLASS. Mr. President, does the Senator from Oregon intend to make a motion that the Senate adjourn?

Mr. McNARY. I intended to move that the Senate take a recess until 12 o'clock to-morrow. I yield to the Senator from Virginia.

Mr. GLASS. Mr. President, this short session of Congress is rapidly drawing to a close, and exceedingly important problems are to be, or at least should be, determined. Among them is the pending bill, which is not exceeded in importance to the people of this country by any other measure, perhaps aside from the appropriation bills.

Again, the Senate is confronted with the question as to whether or not it shall be permitted to legislate. I think it may legislate. I think under its definite rules it can legislate, and, as far as I am concerned—and I think I speak for the Banking and Currency Committee—I intend that it shall legislate. Therefore I serve notice that on to-morrow I shall ask the Senate to sit until a reasonable hour in the evening in order that we may commence a deliberate consideration of the pending bill.

RECESS

Mr. McNARY. I move that the Senate take a recess until to-morrow at 12 o'clock.

The motion was agreed to; and the Senate (at 5 o'clock p. m.) took a recess until to-morrow, Thursday, January 12, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate Wednesday, January 11 (legislative day of Tuesday, January 10), 1933

FOREIGN SERVICE

Peter H. A. Flood, of New Hampshire, now a Foreign Service officer of class 6 and a consul, to be also a secretary in the Diplomatic Service of the United States of America.

APPOINTMENTS AND PROMOTIONS IN THE NAVY

Medical Director Charles M. Oman to be Surgeon General and Chief of the Bureau of Medicine and Surgery in the Department of the Navy, with the rank of rear admiral, for a term of four years.

Commander Charles C. Gill to be a captain in the Navy from the 1st day of October, 1932.

Lieut. Commander Elliott Buckmaster to be a commander in the Navy from the 1st day of December, 1932.

Lieut. Thomas W. Mather to be a lieutenant commander in the Navy from the 30th day of June, 1931.

Lieut. Joseph B. Anderson to be a lieutenant commander in the Navy from the 30th day of June, 1932.

Lieut. David H. Clark to be a lieutenant commander in the Navy from the 2d day of August, 1932.

The following-named lieutenants to be lieutenant commanders in the Navy from the 1st day of October, 1932:

Ralph H. Roberts.

Valentine H. Schaeffer.

Allen D. Brown.

Lieut. (Junior Grade) James W. Smith to be a lieutenant in the Navy from the 30th day of June, 1932.

Lieut. (Junior Grade) William C. France to be a lieutenant in the Navy from the 1st day of August, 1932.

Ensign Gordon F. Duvall to be a lieutenant (junior grade) in the Navy from the 6th day of June, 1932.

The following-named passed assistant paymasters to be paymasters in the Navy, with the rank of lieutenant commander, from the 4th day of June, 1931:

Walter W. Gilmore.	Hilton P. Tichenor.
Allen H. White.	Charles W. White.
Daniel M. Miller.	Clifford W. LeRoy.
Alpheus M. Jones.	Harry E. Groos.
Orlo S. Goff.	Francis P. Kenny.
Noble R. Wade.	Arthur M. Bryan.
Robert C. Vasey.	

The following-named passed assistant paymasters to be paymasters in the Navy, with the rank of lieutenant commander, from the 30th day of June, 1931:

Julian H. Maynard.

Marvin C. Roberts.

Gunner Frederick M. Tobias to be a chief gunner in the Navy, to rank with but after ensign, from the 2d day of September, 1932.

The following-named electricians to be chief electricians in the Navy, to rank with but after ensign, from the 2d day of September, 1932:

John L. Peters.

Paul R. Reed.

Lieut. James J. Graham to be a lieutenant commander in the Navy from the 26th day of September, 1932.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JANUARY 11, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O God and Heavenly Father, do Thou reach toward Thy merciful hand, push it by us, and let us touch the hem of Thy garment, and there shall come to us a joyous confidence which shall give us a new sense of the possibilities of life; in Thy love there is power and purity. Bear with our frailties and failures, and discipline us by Thy grace and give us more and more the touches of the nobility and sweetness of soul. O may the vexed waters of our country soon become smooth. Redeem our land in goodness, and the vicious energies which thrive in prosperity shall no longer make men a prey to selfishness and false ambitions. For the sake of the strength and vitality of a splendid manhood, help us to exclude the things that mar, hurt, and pull down. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed the following resolution:

Senate Resolution 319

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. SAMUEL AUSTIN KENDALL, late a Representative from the State of Pennsylvania.

Resolved, That a committee of eight Senators be appointed by the Vice President to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

Resolved, That the secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the deceased Representative the Senate do now adjourn.

The message also announced that pursuant to the foregoing resolutions the Vice President had appointed Mr. REED, Mr. DAVIS, Mr. ODDIE, Mr. TRAMMELL, Mr. WHITE, Mr. BULOW, Mr. BARBOUR, and Mr. BYRNES members of the committee on the part of the Senate to attend the funeral of the deceased.

The message also announced that the Senate had passed the following resolution:

Senate Resolution 320

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. ROBERT R. BUTLER, late a Representative from the State of Oregon.

Resolved, That a committee of eight Senators be appointed by the Vice President to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the deceased Representative the Senate do now adjourn.

The message also announced that pursuant to the foregoing resolutions the Vice President had appointed Mr. MCNARY, Mr. STEIWER, Mr. DILL, Mr. BORAH, Mr. JOHNSON, Mr. SHORTRIDGE, Mr. THOMAS of Idaho, and Mr. GRAMMER members of the committee on the part of the Senate to attend the funeral of the deceased.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 8750) entitled "An act relative to restrictions applicable to Indians of the Five Civilized Tribes in Oklahoma," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. FRAZIER, Mr. SCHALL, and Mr. THOMAS of Oklahoma to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 5252. An act providing for payment of $25 to each enrolled Chippewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States.

FARM RELIEF

Mr. JONES. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 13991) to aid agriculture and relieve the existing national economic emergency.

Mr. CLARKE of New York. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The question is on the motion of the gentleman from Texas that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 13991.

The question was taken; and on a division (demanded by Mr. JONES) there were—ayes 103, noes 0.

Mr. JONES. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. Evidently there is no quorum present. This is an automatic call. The question is on the motion to go into the Committee of the Whole House on the state of the Union. The Clerk will call the roll.

The question was taken; and there were—yeas 348, nays 2, not voting 76, as follows:

[Roll No. 137]

YEAS—348

Adkins	Bloom	Cary	Cox
Aldrich	Boehne	Castellow	Coyle
Almon	Bolleau	Cavicchia	Cross
Amlie	Bolton	Celler	Crowe
Andresen	Bowman	Chapman	Crowther
Andrew, Mass.	Boylan	Chase	Crump
Andrews, N. Y.	Brand, Ohio	Chindblom	Culkin
Arnold	Briggs	Chiperfield	Cullen
Auf der Heide	Britten	Christgau	Davenport
Ayres	Browning	Christopherson	Davis, Pa.
Bacharach	Brunner	Clague	Davis, Tenn.
Bachmann	Buchanan	Clancy	Delaney
Bacon	Bulwinkle	Clark, N. C.	De Priest
Baldrige	Burch	Clarke, N. Y.	DeRouen
Bankhead	Burdick	Cochran, Mo.	Dickinson
Barbour	Burtness	Cochran, Pa.	Dickstein
Barton	Busby	Cole, Iowa	Dies
Beam	Cable	Cole, Md.	Disney
Beck	Campbell, Iowa	Collier	Dominick
Beedy	Cannon	Collins	Douglass, Mass.
Biddle	Carden	Colton	Dowell
Black	Carley	Condon	Doxey
Bland	Carter, Calif.	Connolly	Drane
Blanton	Cartwright	Cooper, Tenn.	Drewry

Driver	Hopkins	May	Seger
Dyer	Houston, Del.	Mead	Selberling
Eaton, Colo.	Howard	Michener	Selvig
Eaton, N. J.	Huddleston	Millard	Shallenberger
Elizey	Hull, Morton D.	Milligan	Shannon
Englebright	Jacobsen	Mitchell	Shott
Eslick	James	Mobley	Sinclair
Evans, Calif.	Jeffers	Montague	Snell
Evans, Mont.	Jenkins	Montet	Snow
Fernandez	Johnson, Mo.	Moore, Ky.	Somers, N. Y.
Fiesinger	Johnson, Okla.	Moore, Ohio	Sparks
Finley	Johnson, S. Dak.	Morehead	Spence
Fishburne	Johnson, Tex.	Mouser	Stafford
Fitzpatrick	Jones	Murphy	Stalker
Flannagan	Kahn	Nelson, Me.	Steagall
Flood	Keller	Nelson, Mo.	Stevenson
Foss	Kemp	Niedringhaus	Stewart
Frear	Kennedy, Md.	Nolan	Stokes
Free	Kennedy, N. Y.	Norton, Nebr.	Strong, Kans.
French	Kerr	Norton, N. J.	Strong, Pa.
Fuller	Ketcham	O'Connor	Stull
Fulmer	Kinzer	Oliver, Ala.	Sullivan, N. Y.
Gambrill	Kleberg	Oliver, N. Y.	Summers, Wash.
Garber	Kniffin	Palmisano	Sumners, Tex.
Gasque	Kopp	Parker, Ga.	Sutphin
Gavagan	Kunz	Parker, N. Y.	Swank
Gibson	Kurtz	Parks	Swanson
Gifford	Kvale	Parsons	Sweeney
Gilbert	LaGuardia	Partridge	Taber
Gilchrist	Lambertson	Patman	Tarver
Gillen	Lambeth	Patterson	Taylor, Tenn.
Glover	Lamneck	Peavey	Temple
Goss	Lanham	Perkins	Thomason
Granfield	Lankford, Ga.	Person	Thurston
Green	Lankford, Va.	Pettengill	Tierney
Greenwood	Larrabee	Pittenger	Timberlake
Gregory	Lea	Polk	Treadway
Griffin	Lehlbach	Pou	Turpin
Griswold	Lewis	Prall	Underhill
Guyer	Lichtenwalner	Pratt, Harcourt J.	Vinson, Ga.
Hadley	Lindsay	Pratt, Ruth	Vinson, Ky.
Haines	Lonergan	Purnell	Warren
Hall, Ill.	Loofbourow	Ragon	Watson
Hall, N. Dak.	Lovette	Rainey	Weaver
Hancock, N. Y.	Lozier	Ramseyer	Welch
Hancock, N. C.	Luce	Ramspeck	West
Hardy	Ludlow	Ransley	White
Hare	McClintic, Okla.	Rayburn	Whitley
Harlan	McClintock, Ohio	Reed, N. Y.	Whittington
Hartley	McCormack	Reid, Ill.	Wigglesworth
Hastings	McDuffie	Reilly	Williams, Mo.
Haugen	McGugin	Rich	Williams, Tex.
Hess	McKeown	Robinson	Williamson
Hill, Ala.	McMillan	Rogers, Mass.	Wilson
Hill, Wash.	McReynolds	Rogers, N. H.	Wingo
Hoch	McSwain	Romjue	Withrow
Hogg, Ind.	Maas	Sabath	Wolcott
Hogg, W. Va.	Major	Sanders, N. Y.	Wolverton
Holaday	Maloney	Sanders, Tex.	Wood, Ga.
Hollister	Manlove	Sandlin	Woodruff
Holmes	Mansfield	Schafer	Woodrum
Hooper	Mapes	Schneider	Wright
Hope	Martin, Oreg.	Schuetz	Yon

NAYS—2

Martin, Mass.	Wolfenden

NOT VOTING—76

Abernethy	Crosser	Horr	Rudd
Allen	Curry	Hull, William E.	Shreve
Allgood	Darrow	Igoe	Simmons
Arentz	Dieterich	Johnson, Ill.	Sirovich
Bohn	Doughton	Johnson, Wash.	Smith, Idaho
Boland	Douglas, Ariz.	Kading	Smith, Va.
Brand, Ga.	Doutrich	Kelly, Ill.	Smith, W. Va.
Brumm	Erk	Kelly, Pa.	Sullivan, Pa.
Buckbee	Estep	Knutson	Swick
Byrns	Fish	Larsen	Swing
Campbell, Pa.	Freeman	Leavitt	Taylor, Colo.
Canfield	Fulbright	McFadden	Thatcher
Carter, Wyo.	Golder	McLeod	Tinkham
Chavez	Goldsborough	Magrady	Underwood
Connery	Goodwin	Miller	Wason
Cooke	Hall, Miss.	Nelson, Wis.	Weeks
Cooper, Ohio	Hart	Overton	Wood, Ind.
Corning	Hawley	Owen	Wyant
Crail	Hornor	Rankin	Yates

So the motion was agreed to.

The Clerk announced the following pairs:

Mr. Taylor of Colorado with Mr. Darrow.
Mrs. Owen with Mr. Cooper of Ohio.
Mr. Corning with Mr. Buckbee.
Mr. Doughton with Mr. Doutrich.
Mr. Hart with Mr. Knutson.
Mr. Miller with Mr. Kelly of Pennsylvania.
Mr. Underwood with Mr. McLeod.
Mr. Boland with Mr. Swick.
Mr. Rudd with Mr. McFadden.
Mr. Allgood with Mr. Tinkham.
Mr. Connery with Mr. Carter of Wyoming.
Mr. Douglas of Arizona with Mr. Brumm.
Mr. Goldsborough with Mr. Allen.
Mr. Smith of Virginia with Mr. Fish.
Mr. Igoe with Mr. Kading.
Mr. Rankin with Mr. Estep.
Mr. Smith of West Virginia with Mr. Wood of Indiana.
Mr. Crosser with Mr. Thatcher.
Mr. Sirovich with Mr. Shreve.
Mr. Hornor with Mr. Bohn.
Mr. Overton with Mr. Magrady.
Mr. Kelly of Illinois with Mr. Campbell of Pennsylvania.
Mr. Abernethy with Mr. Hawley.
Mr. Chavez with Mr. Smith of Idaho.
Mr. Brand of Georgia with Mr. Nelson of Wisconsin.
Mr. Canfield with Mr. Weeks.
Mr. Dieterich with Mr. Wyant.
Mr. Fulbright with Mr. Erk.
Mr. Hall of Mississippi with Mr. Johnson of Washington.
Mr. Larsen with Mr. Horr.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 13991, with Mr. WARREN in the chair.

The Clerk read the title of the bill.

Mr. JONES. Mr. Chairman, I rise in opposition to the motion of the gentleman from Missouri [Mr. CANNON] to strike out the enacting clause.

Mr. GOSS. Mr. Chairman, I withdraw my objection to the request of the gentleman from Missouri to withdraw his motion.

Mr. JONES. Mr. Chairman, we may as well have a showdown at this time. I object to that.

Mr. GOSS. But I have a right to withdraw my objection.

Mr. JONES. I object, Mr. Chairman.

The CHAIRMAN. Objection is heard. The gentleman from Texas is recognized for five minutes in opposition to the motion made by the gentleman from Missouri to strike out the enacting clause.

Mr. JONES. Mr. Chairman, we may as well have a showdown on this question now as to whether this Congress wants a farm bill. This is a very serious question. You are going to vote on the question to strike out the enacting clause, and before that vote is taken I am going to state a few simple propositions. Regardless of the groanings, regardless of the complaints and criticisms, this bill, if passed, will give the farmer 5 cents a pound for all the hogs that he markets in this country, to be consumed in this country, whereas he now gets 2½ cents a pound. Regardless of any criticism this bill will give the wheat farmer 93 cents a bushel for all the wheat he markets for consumption in this country. It is written in the bill, and it is as certain as that the sun rises, if this bill passes and is held to be legal. The farmer will get 12 cents a pound on the amount of cotton marketed in this country for use in this country. This bill absolutely provides for that for a period of one year, to relieve this emergency.

I have no doubt the Members have received a lot of telegrams reading nearly exactly alike. I have brought a few of them over here. I have two or three hundred. Here are a dozen, and I have about 40 like these, that are word for word, exactly the same. Here is one of them, dated January 4, and reading as follows:

> Concerning domestic allotment plan, we oppose hogs being included in this bill.

That telegram came from Tracy, Minn. I acknowledged receipt of the telegram and thanked the gentleman who sent it. To some of these people who sent me telegrams I sent a copy of the bill, and to others I sent a brief explanation. To-day I have a reply from the sender of the telegram quoted above, and it says:

> I did not authorize my name to be put on the telegram in question. That telegram was sent by Armour & Co. I am for the allotment plan.

There is no point in putting in the name of the sender. I have the telegram and anyone interested may see it.

Mr. HOWARD. Mr. Chairman, will the gentleman yield?

Mr. JONES. Briefly.

Mr. HOWARD. In order that I may buttress the gentleman's statement by displaying a bunch of the same kind, 40 of them. I have traced them down, and I have discovered that 37 of them came directly from either the Packers' Trust or stockyards interests.

Mr. JONES. Mr. Chairman, is this House going to permit big business to dictate its judgment and vote here to-

day? I am not opposed to big business; I glory in some of its accomplishments; but I do say that while they are entitled to fair treatment, they have no right trying to run the country or the Congress.

This bill will only require payment for the commodities named of a fair price, the pre-war ratio price in the present picture as it existed in the pre-war picture. That is just plain, ordinary, everyday American equality. When it reaches that point it goes out of the picture.

I have no particular objection to dairy products being in the bill if those who are interested want them in, and if it will be of service, but I do hope that the House will not put any more commodities in the bill, and I hope no one else will offer an amendment to place any other commodities in the bill, and I feel sure they will not do so.

I hope also that we may go right along and make the necessary perfecting amendments in view of the changes, and I would like to get a vote, if it is possible, late this afternoon.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. JONES. I yield.

Mr. CLARKE of New York. It is my understanding, then, that as far as perfecting amendments are concerned regarding dairy products, the gentleman is willing to go along with such amendments?

Mr. JONES. With all necessary amendments. I have not looked over all of the amendments that will be offered. There may be some that we can not agree to, but the ordinary perfecting amendments we expect to agree to.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. JONES. I yield.

Mr. LAGUARDIA. In reply to that, I wonder, now that dairy products are in, if the gentleman from New York [Mr. CLARKE] will go along with the bill?

Mr. CLARKE of New York. Now that the distinguished gentleman from New York has asked the other gentleman from New York if he will go along, my answer is, as far as I am concerned, when you strike for equality, that we have been fighting for and you have not been fighting for, I am willing to go along, but it must apply to all farm commodities.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. JONES. Mr. Chairman, I ask for a vote.

Mr. McGUGIN. Mr. Chairman, I ask unanimous consent that the debate on this motion to strike the enacting clause be extended 20 minutes.

Mr. JONES. Mr. Chairman, I object.

The CHAIRMAN. The question is on the motion of the gentleman from Missouri [Mr. CANNON] that the committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken.

The question was taken; and on a division (demanded by Mr. JONES) there were ayes 100 and noes 161.

So the motion was rejected.

The CHAIRMAN. The question now recurs to the amendment offered by the gentleman from Illinois [Mr. BEAM].

The question was taken; and on a division (demanded by Mr. BEAM) there were ayes 88 and noes 189.

So the motion was rejected.

Mr. PATMAN. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. PATMAN: On page 2, line 15, after the word "commodities," strike out the period, insert a comma, and add "and to provide for an agriculture based upon small farms independently managed so far as possible by their owners, which will preserve the type of life from which the country has continuously renewed its strength and leadership."

Mr. STAFFORD. Mr. Chairman, I reserve a point of order on the amendment.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section close in 11 minutes.

Mr. McGUGIN. Mr. Chairman, reserving the right to object——

The CHAIRMAN. A point of order is reserved on the amendment. Is there objection to the request of the gentleman from Texas?

Mr. McGUGIN. Reserving the right to object——

Mr. SCHAFER. Mr. Chairman, I object.

Mr. JONES. Mr. Chairman, I move that all debate on this section close in 11 minutes.

Mr. McGUGIN. Is the gentleman going to deny us an opportunity to offer amendments to this bill?

Mr. JONES. No; the gentleman may offer amendments. I withhold the motion for a few moments, Mr. Chairman.

The CHAIRMAN. The gentleman from Texas [Mr. PATMAN] is recognized for five minutes.

Mr. PATMAN. Mr. Chairman, I expect to support this bill. It will give the cotton farmers an increase in price.

INEQUALITIES AGAINST THE FARMER

It is the highest duty of government to preserve equality of opportunity to all the people. No one will deny this.

We must either protect the farmer's labor or "unprotect" the things he must buy. He can not continue to buy in a protected market and sell in a free one.

The only way to get equality for agriculture without abolishing all protection is to give to agriculture the same measure of protection that is afforded other industries.

There are over 2,000,000 cotton farmers, making, with their families, over 10,000,000 people; and then there are other millions in the towns and cities of the South whose economic existence is tightly bound up with that of the cotton farmer.

If the farmer is compelled to reduce his acreage to barely cover domestic requirements, he will have a difficult problem of finding some other use for 25,000,000 acres of land and some other means of earning a livelihood for about 5,000,000 people.

During the 50 years between the close of the war between the States and the outbreak of the World War more than $13,000,000,000 worth of cotton alone was exported, while the balance of trade in our favor was only about $10,000,000,000. Eliminate cotton altogether, and the balance of trade would have been $3,000,000,000 against us instead of $10,000,000,000 in our favor.

Several times since the World War our exports of raw cotton have exceeded in value $1,000,000,000 annually.

The cotton farmer must pursue either of two courses—he must either get rid of the inequalities which have been imposed upon him by his Government or he must change his occupation.

Normally, farm products are approximately 11 per cent of the total volume of freight on the railroads, but pay 19.8 per cent of the total freight revenues of all the railroads of this country.

ENCOURAGE SMALL FARMER

The United States wants and needs an agriculture based upon small farms, independently managed so far as possible by their owners, which will preserve that type of life from which the country has continuously renewed its strength and leadership. The farm home has meant too much to the Nation to be lost.

We do not want a mass-production, corporate agriculture.

I realize that the law of supply and demand usually prevails when it comes to the question of the price of a commodity.

SUPPLY AND DEMAND

Not only the question of the law of supply and demand for a particular commodity should be taken into consideration, but along with it the law of supply and demand of money and credits and the velocity of money and credits in the country should be considered.

The supply and demand of the American dollar fixes its purchasing power. The dollar being pegged to gold, gold decreases and increases in value along with the supply and demand of the dollar. Therefore supply and demand of the dollar is the most important factor in fixing the price of all commodities; as the price of money goes up the price of practically everything else goes down. It is possible for

the price of commodities to be cheap, even when there is a short crop, on account of the scarcity of dollars.

DISCRIMINATIONS GREATEST HARM

I realize that the farmers of this country would be benefitted more if we could eliminate all discrimination against them instead of passing this bill, but we know it is absolutely impossible. Since we can not destroy the discriminations existing against the farmers we can at least try to bring them up to an equality with those who have been given special privileges. Eventually all discriminations should be removed, and it will then be unnecessary to pass special legislation for farmers.

ONE CLASS GETS WHAT ANOTHER CLASS PAYS

It has been said that this bill grants to a few the money that will be taken from another class. It is true that 100 per cent of the people, including the farmers themselves, will pay for the cost of this bill, and that 33⅓ per cent of the people—the farmers—will get the money, but that same objection could be urged against the tariff. The same objection could be urged against railroad passenger and freight rates. It is the duty of the Interstate Commerce Commission to set freight rates against the farmer's products at a price that will give the railroads a fair return upon their invested capital.

I invite your attention further to the fact that the Government has been in the price-fixing business in other ways.

The representatives of all utilities can go into any Federal court in this land and come out with an order signed by a United States district judge requiring the people in the localities where they are doing business to pay a fixed price, a set price, for the services they are rendering.

HIGH INTEREST CHARGES

Some of the banking institutions in this country are charging the farmers a very high rate of interest. Many powerful bankers are getting the use of the Government credit free of charge. Section 16 of the Federal reserve act says that the Federal reserve bank shall pay an interest charge for the use of Federal reserve notes. That provision of law has never been put into effect and to-day they are using the credit of this Government without 1 penny of compensation. I do not believe the credit of this Nation should be farmed out at all, but if it is hired out, or farmed out, certainly the people of this country should get just compensation for its use. The farmer has all these special privileges against him. The broker, as the gentleman from New York [Mr. LAGUARDIA] said the other day, can get his money for 1 per cent interest. The shipping companies can get theirs for one-fourth of 1 per cent interest.

[Here the gavel fell.]

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Yet the farmer has been compelled to pay 6, 7, 8, 10, and as high in some instances as 25 per cent interest. How can any industry on earth survive with all these discriminations against it? Since we know that we can not by one act destroy all these discriminations, why can we not try to bring the farmer up in a way that will enable him to pay his debts on somewhat the same basis as the commodities were priced when those debts were contracted; and if it is taking money from one class to give it to another, it is in the interest of the general welfare for it to be done. This policy has been invoked for other industries by this Congress in regard to the tariff, railroad passenger and freight rates, electricity, gas, water, and all other utilities.

FIXED CHARGES CONSUME FARMERS' PROFITS

Many a farmer deals in perishable products. When he gets his products ready for the market he has got to use the telephone and is compelled to talk to many people, not just one or two, but to people in different cities, and when he sells his produce he has got to ship it on a railroad that is guaranteed a fixed return, or by an express company that is guaranteed a fixed return, and by the time he pays the express company, the railroad company, and the telephone company, all of which have been given what is considered a fair price by our Government, the farmer has nothing left. Certainly it is in the interest of the general welfare that the prices of his products be increased.

MORE MONEY FOR FEW BANKERS

May I sound the warning, Mr. Chairman, that this legislation is not going to be worth anything unless you regulate the supply of money and credit along with the crops? You can have a short crop and at the same time get a low price if currency and credit are contracted and not turning over as they should turn over. And may I warn you—and I seriously warn you—against many of the provisions of the Glass bill that is now pending in the Senate. I want you to get that bill and turn to section 4, and you will find where it invokes a policy for this Government that has never before been undertaken in the United States of America. It seeks to adopt the policy of having this Government turn over to a few powerful bankers the right and the privilege to issue money against the credit of this Nation representing a mortgage against all of our homes, farms, and other property, and not pay one penny for the privilege and keeping the profits for themselves. This principle should not be invoked. The bill contains many other objectionable provisions.

In connection with this legislation, Mr. Chairman, let it be remembered that although we should try to help the farmer to get a better price, yet if you do not give some consideration to this currency question you are not going to help the farmer a great deal.

$1,000,000,000 MORE MONEY NOW

In 1929 we had $1,000,000,000 less money in actual circulation than we have to-day; but money and credits then were turning over twice every month, twenty-five times a year; but now, when we have $1,000,000,000 more money theoretically in circulation, we have $13,000,000,000 less deposits. Do not forget that. We have $13,000,000,000 less deposits; and instead of the money turning once a month, it is turning over only ten times a year, and we are doing one-third the business that we were doing in 1929.

In connection with this farm problem may I suggest that every Member of this House should give consideration to the question of the issuance and distribution of money, and make sure that the Glass bill in its present form does not become a law.

FACE THE FACTS

We may as well face the facts. This country faces either bankruptcy, expansion of the currency, or some sort of a revolution. The cotton and wheat farmers voted bonds against their property for building schoolhouses, highways, and making other improvements when wheat was worth $1 a bushel and cotton 20 cents a pound. Deflation has caused the price of wheat to decrease to 25 cents a bushel and cotton to 5 cents a pound, thereby forcing these farmers to pay the equivalent of $4 for every $1 borrowed; instead of paying 6 per cent interest on the bonds, they are now paying the equivalent of 24 per cent, based on the present price of farm products. The farmers' debts, interest, taxes, and other fixed charges are four times harder to pay than when the debts were contracted. The wage earner who has had his wages reduced 50 per cent is now paying the equivalent of $2 for every dollar he borrowed. Also by reason of the reduction in wages he has suffered, the cost of his taxes, rent, electricity, gas, water, and other fixed charges have doubled. Based upon and by reason of the increased value of money debts owed by the American people, aggregating $200,000,000,000 in 1929, have mounted to the equivalent of more than $400,000,000,000 in 1932. Do not be deceived; these debts can never be paid under present conditions. It will be better for a creditor to accept a dollar that will not purchase so much in a few commodities than not to be able to collect any dollar at all.

Our people must be permitted to pay their debts with approximately the same amount of labor, securities, or produce as were necessary when the debts were contracted.

DISHONEST DOLLAR

The dollar that is now collected on a 1929 debt is a dishonest dollar. It is now worth from 50 per cent to 400 per cent more than it was then worth. Deflation cheats the man who is in debt just as much as undue inflation cheats the creditor. We are not asking to cheat the creditors, but we are asking to give the debtor a square deal by restoring the value of the dollar to its 1928–29 purchasing power.

VALUE OF WHEAT IN LOAF OF BREAD

The argument is made that an unbearable burden will be placed on the consumer if the price of cotton and wheat is increased. Let us see how much there is to this argument.

In a 5-cent package of crackers, there is wheat worth one-eighth of a cent and yet the retail price is still 5 cents, the same as when wheat sold for more than $1.65 a bushel. The wheat in a loaf of bread at the present price is worth three-eighths of a cent.

VALUE OF COTTON IN A DOLLAR SHIRT

How about cotton? For the cotton in a dollar shirt the farmer receives only three-fourths of a cent at the present price. We simply ask that the planter get 2 cents to 2½ cents for the cotton that is in a dollar shirt and the wheat grower from 1¼ cents to 1½ cents for the wheat that is in a loaf of bread.

DEPLORABLE CONDITIONS

The conditions disclosed by many letters I receive would pull at the heartstrings of any decent man or woman. One of the letters I received this week stated:

Heart-rending things happen right here in our community. Old people who owe a little mortgage on their homes are being pushed out for the reason they can not meet interest and taxes, and the poor old things have produced twice enough farm products to meet their obligations if they could get a decent price.

RESTORE PURCHASING POWER

The farmers and wage earners are purchasers of 80 per cent of all goods and services. They still have the consuming power but do not have the purchasing power on account of low prices of certain commodities they produce, which has resulted in unemployment and reduced wages. As the price of gold increases, commodities and everything else decrease in price except taxes, debts, and certain fixed charges. Gold is not scarce; we have a reserve of $4,505,000,000, which is sufficient to authorize the issuance of more than $5,000,000,000 of additional money; it is high because of the scarcity of paper money. The price level may also be raised by putting more money in circulation. Government bonds do not circulate and do not affect the price level. Currency, another form of Government obligation, circulates and affects the price level.

NOT SUFFICIENT MONEY

It is a crime for people to be suffering as they are because of the lack of a sufficient circulating medium; they do not have sufficient money to do business on. A large part of the money presumed to be in circulation is hoarded by banks and individuals. A nation-wide barter system has already been projected. Scrip-money plans are being used in many cities. In Tenino, Wash., money made of wood has been used as a medium of exchange.

Mr. STAFFORD. Mr. Chairman, I withdraw the reservation of the point of order against the amendment.

Mr. JONES. Mr. Chairman, with much which my colleague says I am in hearty accord, with the general purposes of his amendment I agree, but I would rather not have the amendment adopted to this bill. Also the question of the currency system which he discusses should be given consideration, but I do not think this is the place to consider it.

I hope the amendment will be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. PATMAN].

The amendment was rejected.

Mr. HALL of North Dakota. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HALL of North Dakota: Page 2, line 17, after the word "cotton," insert "flaxseed."

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section close in six minutes.

Mr. SCHAFER. I object.

Mr. JONES. I think we have had enough debate on this question. I move that all debate on this section close in six minutes.

Mr. SNELL. The gentleman from Texas has no right to make that motion.

Mr. JONES. I ask the gentleman to yield to me to make that motion.

The CHAIRMAN. The gentleman from North Dakota has a right to five minutes on his amendment, and he is now recognized.

Mr. HALL of North Dakota. Mr. Chairman, I am speaking on behalf of the farmers in more than 10 States who are engaged principally in the production of flax, and I believe they ought to be included in any great program for the relief of agriculture.

You will find from the figures that the average price of flax in the period 1909 to 1914 was $1.691. In December of 1932 the price was 82.8 cents. The weighted price in that period was $1.82 a bushel. The present index, however, shows the purchasing power of the flax dollar as 45.5 cents, showing a decidedly unfavorable situation for those who are using flax as a rotation product. I may say again that flax is produced in the United States in about 10 States.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. HALL of North Dakota. I yield.

Mr. WHITTINGTON. What part of the flax that we produce is exported?

Mr. HALL of North Dakota. We do not export any of it. Flax is in just about the same situation as rice, and we are seeking to establish a ratio between the values of commodities and agricultural products.

Mr. GARBER. What is the annual production?

Mr. HALL of North Dakota. The annual production runs all the way from 19,000,000 or 20,000,000 bushels down to as little as 11,000,000 bushels. During the last two years the crop has been very light because of droughts and resulting crop failures.

Mr. GARBER. An increased price would then encourage a rotation of crops?

Mr. HALL of North Dakota. Yes; and that must follow if we are to continue flax in the rotation.

Mr. MANLOVE. Whatever the production is, the difference between a fair price for flax and the price which they are now receiving represents the difference between life and death to the flax growers, whether their number is large or small.

Mr. HALL of North Dakota. Absolutely.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. HALL of North Dakota. I yield.

Mr. CLARKE of New York. They are entitled to equality just the same as the rest of the producers of this country. That is fundamental.

Mr. HALL of North Dakota. I would say that the flax farmers of the country are just as much interested in the success of this bill or any other similar measure as the wheat or cotton farmers.

Mr. MANLOVE. In proportion to the number of them.

Mr. HALL of North Dakota. All of them are interested, as a matter of fact.

Mr. JONES. Mr. Chairman, I hope the committee will vote down this amendment. Flax is not an export crop. Rice, to which the gentleman has referred, is about 20 per cent export, according to the figures of the department. I think we have enough in the bill now and I ask the committee to vote down the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Dakota.

The question was taken, and the amendment was rejected.

Mr. SCHAFER. Mr. Chairman, I offer an amendment. On page 2, in line 17, after the word "cotton," insert the word "goats."

The Clerk read as follows:

Amendment offered by Mr. SCHAFER: Page 2, line 17, after the word "cotton," insert the word "goats."

Mr. JONES. Mr. Chairman, I make the point of order that that amendment is not germane.

Mr. STAFFORD. Is it the gentleman's point of order that the amendment is not germane to hogs?

Mr. JONES. The hog industry is the only livestock commodity in the bill, and you can not amend a single commodity of a classification by adding another commodity.

Mr. SNELL. Mr. Chairman, there is nothing to that argument. We already have five or six different items in the bill. It has been held by every decision on this question that has been made that where you have a bill affecting five or six different subjects you can add another by way of amendment.

The CHAIRMAN. The Chair overrules the point of order.

Mr. JONES. Mr. Chairman, I have no objection to a little entertainment on the part of the gentleman from Wisconsin. I knew that he had many qualities, but this is the first time I ever knew that he was a goat specialist. [Laughter.] The gentleman from Wisconsin relies upon his memory for his jests, uses his imagination for his facts, and depends upon noise as a substitute for understanding. [Applause.]

Mr. Chairman, I do not think a little entertainment makes any difference, but we are in a serious condition. I am sure there is no effort to make political capital out of this bill on the part of any member of the committee. It is a serious situation, and I hope the committee will continue the good work and make an effort to finish the bill.

Mr. Chairman, I ask for a vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. SCHAFER].

The question was taken, and the amendment was rejected.

Mr. GILCHRIST. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Line 17, page 2, after the word "cotton," insert the word "corn."

Mr. GILCHRIST. Mr. Chairman, the great industry in my State is that of raising corn. That fact is well known. It has passed into the lyrics and the songs of the country.

Do you know what the situation is? A day does not go past that I do not get letter after letter telling about it. Corn out there in my districts is selling for 6 cents a bushel, and very little of the new crop has been sold for more than 10 cents a bushel and most of it at about 8 cents a bushel. Think of that!

An inquiry was made sometime ago by the Tariff Commission to discover what it costs to raise a bushel of corn. The commission filed a report in 1926 and a supplemental report in 1929, from which it appears that it costs 75 to 80 cents a bushel to raise corn. Think of selling it at 6 cents a bushel!

Mr. LAGUARDIA. Will the gentleman yield?

Mr. GILCHRIST. I yield.

Mr. LAGUARDIA. The gentleman realizes that corn was omitted because of the difficulty in collecting the tax. If they issued certificates on corn and corn is fed to the hogs, it would be a heavy tax on the hog raiser.

Mr. GILCHRIST. The tax would not be collected twice. The hog raiser would get his money back.

Mr. LAGUARDIA. It is collected from the processor.

Mr. GILCHRIST. But there is a small amount only of corn which is processed.

Mr. BURTNESS. How much?

Mr. GILCHRIST. I should say about 8 per cent. I want to present the picture of corn. This will not greatly increase the price that laborers pay in the city for corn meal. Corn meal is now selling in this city for $2.80 a bushel. They buy it for 8 cents and sell it for $2.80. Corn flakes are selling for $8.96 a bushel. They buy the corn for 8 cents and sell it for $8.96 a bushel.

I had a letter from a farmer about a week ago saying that the Federal land bank had a mortgage on his corn. The agent for the bank in passing the farm saw that the man was shelling the corn, and the agent said, "I see you are selling my corn." The answer was: "No; I am not selling your corn; I am putting the corn into the bin; all I am trying to do is to get the cobs, because I want to burn the cobs, for we have no other fuel."

They are burning vast quantities of corn in my country because it is cheaper to burn corn than it is to buy coal or other fuel. And be assured that the farmer is a good spender, and if he were prosperous then he would be buying coal instead of burning corn, and if he were given buying power than he would be able to enter the markets, and all industry and all labor would again commence an onward march toward prosperity. The truth is that the farmers who depend on corn are bankrupt and in despair and know not what they can do. They are destitute, homeless, and forsaken. They have come to the end of their hopes, and when hope is gone all things are gone.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. JONES. Mr. Chairman, statistics show that about 85 per cent of the corn that is produced never crosses the county line where it is raised. Practically all the representatives of the corn-growing belt agree that the bill would not work as to corn and would not be effective as to corn. That is the reason that hogs are put in, in order to take care of the corn.

Mr. DOWELL. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. DOWELL. The gentleman states that a certain amount is processed. It would be effective as far as that is concerned.

Mr. JONES. That would be so small that if you levied a processing fee on that, even up to the parity price, when spread over the whole production it would be of little consequence; and, besides, we export very little corn, and it would not be effective. The hog provision was worked out largely by the corn people.

Mr. DOWELL. As the gentleman has suggested, putting this on will have a tendency to raise the price of corn.

Mr. JONES. I do not see how it would, when we have no export market. It would simply sink the price and complicate the bill. The provisions as to hogs take care of the corn question. I hope the committee will vote this amendment down. I ask for a vote.

Mr. McGUGIN. Mr. Chairman, I desire to speak on this amendment.

Mr. JONES. Mr. Chairman, I move that all debate on this amendment do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Iowa.

The amendment was rejected.

Mr. WATSON. Mr. Chairman, I move to strike out the last word. While I am a friend of the farmer, I can not support this bill, because I do not think it is workable. When you add all of the amendments to the bill which have been approved it weakens the bill materially, and we can not hope the bill to be of advantage if we only give it one year of existence. It should have at least three years.

I have been a Member of the House for 18 years, and every session there has been a bill brought out in the interest of the farmer, yet the farmer to-day is poorer than for any period within 50 years. Only in the last session we voted appropriations to keep the farmer from starving, yet the farmer supplies the food for 125,000,000 people. How are you going to keep the farmer from starving? You can not do it by this bill.

Next we have the question of the law of supply and demand; a law that has been in existence ever since the creation of commerce, and it will continue to be in existence. If there is no demand, the supply will not be taken up, and as long as there are 10,000,000 people out of work, there will be but few to buy the surplus that the farmers are now placing on the market. What we should do is to give work to the unemployed. What we should try to do is not to take care of the farmer in the way this bill proposes, but to give work to the people, and if we do that the supply will be taken up.

I remember a few years ago traveling through the Balkan States I noticed that the ground was tilled by oxen, it being plowed in some places with a crooked stick. I noticed that they were winnowing the grain by throwing it up in the air and letting the wind sift the wheat from the chaff, but now in the Balkan countries they are using machinery and are growing enough wheat to supply all of Europe. I remember when we were taking care of the international debt Italy came to our committee and said, "If you give us a moratorium, we can raise $100,000,000 in America in order to build waterpowers and drain the swamps." They did borrow $75,000,000. Now, they are raising enough wheat for the supply of their country, and what they do not raise at home they buy from Russia. Before the war we exported 50,000,000 bushels of wheat yearly to Italy. In 1920 we sent only 11,000,000 bushels and in 1931 only 3,000,000 bushels of wheat. Therefore, Europe is not depending on America for wheat and so the surplus must be taken up at home. That can be done only when our people are at work.

I further oppose the bill because it does not take care of the small farmers. There are many in the State of Pennsylvania. Why should they be exempted while those holding great acreage be favored? Why should the prices of commodities raised in one section of the country receive the benefit of the bill and others be exempted? Lehigh County, within my district, has the aspect of a garden. The hills are planted with hundreds of acres of fruit trees. They are well sprayed and the fruit equal to any in the world. The valleys grow potatoes, the farmer producing a yield equal to 600 bushels to the acre. The farmers there are not asking Congress for moratoriums for their mortgages or taxes. They work from sunrise to sunset. They understand the art of farming; therefore, are successful.

I fully appreciate the financial conditions of the wheat growers of the West. This bill will not give the farmers a larger demand for wheat. Their surplus can only be disposed of when there is a demand. Europe raises enough wheat for its consumption. Exportations are therefore limited and the unemployed at home are unable to purchase the food, of which wheat is the component part.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. WATSON. Mr. Chairman, I ask unanimous consent to proceed for one minute more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WATSON. I can not express myself better in one minute than simply to say to the farmers that this bill, if enacted, will be only a will-o'-the-wisp.

Mr. BLANTON. Mr. Chairman, this bill is designed to help 30,000,000 Americans—farmers, if you please—who have more enemies to contend with than any other class of citizens in the world. Can you think of a single person engaged in any other line of business in the United States who has half as many enemies to contend with? The farmer has the drought, sometimes continuing for 1 and 2 and 3 years at a time, and then, in some sections of the country, there is too much rain, when he has an absolute crop failure because of that enemy. Then there are the various kinds of insects—boll weevils, bollworms, and grasshoppers, which they complained of last session so strenuously from the West. Then there is rust on the grain, and hail and wind storms so destructive to crops. They have cattle subject to certain diseases; tuberculosis and foot-and-mouth disease in their dairy herds. With respect to their hogs, they lose many from cholera and other diseases. Then from time to time they lose all of their poultry with various afflictions and diseases. Hawks catch their little chickens. Wolves and other wild animals kill their young turkeys. They are wholly without the watchful protection of police who guard cities, and in consequence lose property from time to time stolen by thieves, local and itinerant. Gamblers on Wall Street beat down the price of their cotton and their corn and their wheat. Farmers are ruined sometimes by unwarranted crop reports given out by Government agencies.

Then farmers have frost coming too early that ruins all of their orchards and their early crops, and they have this, that, and the other enemy to contend with aside from the marketing problems. Then, as happened to our farmers in Texas this year, they raised a tremendous crop and they could not get enough for the cotton after they harvested and marketed it to pay for the cost of picking and carrying it to the gin and paying the ginning charges.

How long is this going to continue? Every time you find agriculture in good condition, every time you find the farmers of the United States prosperous, you find every other line of business at the top notch, prosperous with them. Whenever you find the farmers with their backs to the wall, when you find them down and helpless, you will find the whole United States helpless, just as it is to-day. You will find Europe and the world helpless. It is bringing the farmer up that brings up everybody else in the United States with him. When we do anything to help the farmer and put him on his feet, we are putting every other individual in the United States on his feet.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. CLARKE of New York. Does the gentleman not think the farmer is the last one to feel prosperity and the first one to feel the lack of prosperity?

Mr. BLANTON. I know that it is almost impossible for Congress to help the farmer. I doubt whether we have ever helped him. I doubt whether his right to mortgage his farm for Government money has ever helped the farmer. I know it has put plaster after plaster, sometimes unnecessary at the time, upon some of the best farms in the United States and caused them to be foreclosed when possibly it would have been avoided had there not been an opportunity to get Government money. I doubt very seriously whether all the money we have spent in the name of the farmers, through the Department of Agriculture, has ever helped the farmers of the United States. I doubt it. I am in favor of stopping half of that wasteful overhead expense that we spend annually down in the Department of Agriculture. But here is a gesture on the part of this committee in favor of the farmer. The committee has given it very careful study. It is composed of men who are friendly to agriculture. They say it will help the farmers and put them back on their feet. I do not know whether it will or not. I have confidence in the chairman of this committee and in his committee, and I am going to back them all the way down the line when they are striving to help farmers. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section now close.

The CHAIRMAN. Is there objection?

Mr. RAMSEYER. Reserving the right to object, and I shall not object, I just want to ask the gentleman a question as to procedure. The committee brought out a committee print, and I would like to know, and I think it will probably be helpful to the entire membership to know, if it is the intention of the committee to offer those amendments as they are printed in the committee print?

Mr. JONES. It is the intention of the committee to offer the amendments as they are printed in the committee print. That was printed purely for the information of the House and that is substantially what the committee expects to offer.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. WILLIAM E. HULL. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. WILLIAM E. HULL: Page 2, line 18, after the word "cotton," insert a comma and the words "blackstrap."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr HULL].

The amendment was rejected.

The Clerk read as follows:

TITLE I—DISTRIBUTION OF COMMODITY BENEFITS

ADJUSTMENT CERTIFICATES

SEC. 3. (a) The Secretary of Agriculture shall determine the normal marketing year for each of the following commodities: Wheat, cotton, tobacco, and hogs.

(b) Adjustment certificates shall be issued in case of wheat, cotton, and tobacco for the 1933–34 marketing year for the commodity and, in case of hogs, for the initial marketing period for hogs (specified in sec. 4) and the 1933–34 marketing year. If this act is extended with respect to any commodity for an additional year pursuant to proclamation of the President under section 28, then adjustment certificates shall be issued for the 1934–35 marketing year for the commodity.

(c) Each producer of wheat, cotton, tobacco, or hogs shall be entitled, subject to the conditions of this act, to have issued to him adjustment certificates covering the domestic consumption percentage of the commodity of his own production marketed by him during any period for which adjustment certificates may be issued with respect to the commodity: *Provided*, That as to cotton, adjustment certificates may, in the discretion of the Secretary, be issued to the producer when the cotton is ginned or the unginned cotton sold.

(d) For the purposes of this title a commodity shall be deemed to be marketed by a producer when sold or otherwise disposed of by or for him for processing or resale, but hogs shall not be deemed to be marketed when sold or otherwise disposed of to a feeder of hogs who is not also a processor of hogs.

The CHAIRMAN (Mr. WARREN). The Chair desires to make a statement. This is a difficult bill, difficult for the Chair and difficult for a great many Members of the Committee of the Whole, on account of the many amendments that are being offered. It is the earnest desire of the Chair to treat with equal fairness and consideration every Member. The Chair thinks it is the best practice, and certainly the fair practice in recognizing Members, that the Chair should alternate from one side of the House to the other. For the benefit of orderly procedure, since the bill has been amended in three vital respects, the Chair thinks that as each section is read the Chair should first recognize Members to offer perfecting amendments for those commodities that have already been placed in the bill, and the Chair would therefore prefer to recognize the gentleman from Arkansas [Mr. GLOVER] at this time.

Mr. STAFFORD. Mr. Chairman, without being presumptuous, may I suggest to the Chair that, since he is laying down a rule of practice, he consider whether it would not be better practice to allow the chairman of the Committee on Agriculture to first offer committee amendments which have been agreed upon by the committee, before we take up other amendments?

The CHAIRMAN. Of course, the Chair realizes that the chairman of the Committee on Agriculture should be recognized first.

Mr. JONES. Mr. Chairman, I offer a committee amendment which is at the desk.

The Clerk read as follows:

Committee amendment offered by Mr. JONES: Page 3, line 5, strike out the words "the normal" and insert "a."

In line 6, after the word "hogs" and before the period, insert the following: "; and there shall be an initial marketing period for wheat, cotton, and hogs, commencing 30 days after the date of approval of this act and terminating at the commencement of the 1933–34 marketing year for the respective commodities."

In line 7, strike out, beginning with the word "in," down through the word "year," in line 11, and insert the following: "for the initial marketing period for wheat, cotton, and hogs, and for the 1933–34 marketing year for wheat, cotton, tobacco, and hogs."

Mr. JONES. Mr. Chairman, may I state that all this does is to provide an initial period for these commodities. Instead of making the full processing fee go on at once without benefit, this amendment, together with others that will come later, makes a step up on the processing fee, making the processing fee smaller for the period before the marketing year commences and making the benefits correspondingly smaller. It does not change the general marketing year as provided for in the bill.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield.

Mr. STAFFORD. Under the bill as originally reported by the committee the price for the adjustment certificate was to be based upon the date of the enactment of the act. Does the pending amendment affect that proposal in any way?

Mr. JONES. Does the gentleman refer to the processing charge or to the adjustment benefit?

Mr. STAFFORD. I refer to the adjustment benefit.

Mr. JONES. No. The reported bill would operate so that the benefits would apply in case of hogs after 30 days, but on the other commodities they would not commence until the marketing year began. The amendments make the benefits commence 30 days after the bill passes by a step-up process in the case of any commodity as to which there is an initial period.

Mr. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield.

Mr. ANDRESEN. There will be several perfecting amendments to the committee amendment. I have three or four amendments to offer to the gentleman's amendment so as to include butterfat.

Mr. JONES. They can be offered in order.

Mr. STAFFORD. I wish to draw the gentleman's attention to section 9, subparagraph (b) on page 9 of the bill, reading as follows:

The fair exchange allowance per unit for each commodity shall be proclaimed by the Secretary of Agriculture on the day following the date of approval of this act.

Now, my query is whether the proposed amendment changes that in any way so as to allow the exchange value to be determined within the 30-day period?

Mr. JONES. That provision is in there for the purpose of enabling them to figure out what the adjustment charge is. The Secretary must issue a proclamation setting out the fair exchange allowance so there will be a base figure, and the adjustment charge, except in the initial period, will be the difference between the market value of the commodity at the time, as shown by the index numbers of the Department of Agriculture, and the pre-war value.

Mr. STAFFORD. As I understand it, the price of these commodities, except as to the price of hogs, on the day following the enactment of this act will be the determining price for the processing certificate?

Mr. JONES. It will be one of the factors which will enter into the determination of the adjustment charge. Of course, the certificates will not begin to issue until 30 days have elapsed, and by that time the prices of the commodities may have changed.

Mr. CHRISTGAU. In the case of hogs the initial period starts with some reduction immediately. If some similar provision is not inserted with respect to wheat and cotton is there not danger that an amount of wheat and cotton now in storage may not be brought on the market as a result of this additional stimulus and thus flood the market and bring the price down?

Mr. JONES. That will be entirely a matter of choice. There is not a great amount of wheat in the hands of the farmers at the present time.

Mr. GLOVER. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment by Mr. GLOVER to the committee amendment: On page 3, amend the committee amendment by inserting after the word "wheat" a comma and the word "rice." In each case where the word "wheat" occurs in the amendment insert a comma and the word "rice."

Mr. McSWAIN. Mr. Chairman, I rise in opposition to the amendment.

I am opposed to this amendment, as I understand it, for the reason that it would make the initial period on cotton begin 30 days after the law becomes operative. The cotton-manufacturing establishments of this country sell their cloth sometimes 6 months or even 8 or 9 months in advance of its actual manufacture. They do not spin a single thread or weave a single yard of cloth until their cloth is sold, contracted for future delivery. As soon as they make their contracts for future delivery on cloth they go upon the market and buy the cotton, and, of course, they have made

their contract for the price of cloth to be delivered on the basis of the current price of cotton. Having bought their cotton for future delivery to be spun, they then sell cotton on the exchange for the purpose of hedging against any change in the price of the cotton.

Now, to make this period within 30 days after the law becomes effective would completely frustrate and upset the existing contracts of practically every textile-manufacturing establishment in this country. The textile-manufacturing establishments are terribly concerned about this feature, as well as about the general operation of the bill. I have prepared an amendment I propose to offer at the proper time. Of course, if this should be adopted my amendment would be antagonistic, but I propose to offer an amendment, on page 3, line 9, after the word "commodity," to provide that the marketing year for cotton shall begin August 15, 1933, so as to give these gentlemen managing these enormous textile establishments that give a livelihood in my State alone to 300,000 people a chance to readjust their contract obligations in time to meet this situation.

Mr. JONES. Mr. Chairman, will the gentleman yield?

Mr. McSWAIN. I yield.

Mr. JONES. I think if the gentleman will turn to page 16, section 15, he will find that is taken care of; and I wish the gentleman would consider it.

Mr. McSWAIN. If the gentleman, who is entirely familiar with the bill, states that the language he calls to my attention takes care of this situation, then I know he is acting in the best of faith.

Mr. JONES. It does it in this way, I will state to the gentleman: It provides that the adjustment charge or tax in the case of contracts for future delivery of articles resulting from processing shall be paid by the vendee, and provides the method of collection, except in cases in which the contract itself provides that the vendee shall not be responsible for any taxes levied.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment to the committee amendment offered by the gentleman from Arkansas.

The amendment to the committee amendment was agreed to.

Mr. COX. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment to the committee amendment offered by Mr. COX: After the word "cotton," wherever it occurs in the committee amendment, insert the word "peanuts."

The CHAIRMAN. The question is on the amendment to the committee amendment.

The amendment to the committee amendment was agreed to.

Mr. ANDRESEN. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment to the committee amendment offered by Mr. ANDRESEN: Page 3, line 6, after the word "hogs," insert the following new sentence: "The marketing year for butterfat shall be the period of 12 months beginning July 1."

Mr. STAFFORD. Will the gentleman yield?

Mr. ANDRESEN. I yield.

Mr. STAFFORD. Will the gentleman specify what year he refers to with reference to July 1?

Mr. ANDRESEN. That is in every year that the bill is in operation. We first have an initial marketing period from the time that this bill is enacted into law up to the beginning of the 1933–34 marketing year.

Mr. STAFFORD. Does not the gentleman think it would be well to have the amendment more explicit and say July 1 of the marketing year 1933–34 and years afterwards?

Mr. ANDRESEN. That is referred to in the committee amendment.

Mr. JONES. I believe that amendment is to be offered at the end of line 6.

Mr. ANDRESEN. Mr. Chairman, I will withdraw the amendment temporarily and reoffer it at the end of line 6 after the word "hogs."

The CHAIRMAN. Is the gentleman reoffering it now?

Mr. ANDRESEN. I am reoffering it at the end of line 6.

The Clerk read as follows:

Amendment to the committee amendment by Mr. ANDRESEN: At the end of line 6, on page 3, after the word "hogs," insert the following new sentence: "The marketing year for butterfat shall be the period of 12 months beginning July 1."

The CHAIRMAN. The question is on the amendment to the committee amendment offered by the gentleman from Minnesota.

The amendment to the committee amendment was agreed to.

Mr. ANDRESEN. Mr. Chairman, I offer another amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. ANDRESEN: At the end of the committee amendment strike out the period and insert in lieu thereof the following: A comma and the words "and in the case of butterfat adjustment certificates shall be issued monthly."

Mr. STAFFORD. Mr. Chairman, I think some explanation should be made why, in the case of butterfat, the adjustment certificate should be made monthly, whereas with respect to all the other articles, they are to be made in the discretion of the Secretary of Agriculture.

Mr. ANDRESEN. I may say to the gentleman that dairy products are marketed daily and settlement is generally made on a monthly basis, whereas with respect to other farm commodities mentioned in the bill, they are marketed after the annual harvest and settlements are made at that time.

Mr. McGUGIN. Will the gentleman yield?

Mr. ANDRESEN. I yield.

Mr. McGUGIN. That is very true, but will we not be building up a most monumental clerical force on the part of the Government to make a special payment to the dairy industry every month as compared with twice a year for the rest of them? Should we not give a little consideration to the Government in this matter?

Mr. ANDRESEN. If the others had the products to sell, they would receive the certificate as often as the dairy people.

Mr. McGUGIN. Certainly, and we would like to have them get it every day, but is it practical to have the Government make an adjustment with millions of people twice a month?

Mr. LAGUARDIA. This does not disturb the nature of the certificates issued in two payments, one-half payable in 30 days and one-half 6 months later.

Mr. ANDRESEN. Not at all; that is left just the same.

The CHAIRMAN. The question is on the amendment to the committee amendment.

The question was taken; and on a division (demanded by Mr. ANDRESEN) there were—ayes 53, noes 25.

So the amendment to the committee amendment was agreed to.

Mr. ANDRESEN. Mr. Chairman, I have an amendment to the section.

The CHAIRMAN. The Chair can not recognize the gentleman for that purpose now. Are there any further amendments to the committee amendment? [After a pause.] The question is on the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

Mr. GLOVER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GLOVER: Page 3, lines 6 and 16, after the word "wheat," insert a comma and the word "rice."

Mr. GLOVER. Mr. Chairman, this is just a perfecting amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas.

The amendment was agreed to.

The CHAIRMAN. Has the gentleman from Arkansas any further perfecting amendments to this section?

Mr. GLOVER. I have not.

Mr. COX. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Cox: Page 3, lines 6 and 16, after the word "cotton" in each such line, insert a comma and the word "peanuts."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia [Mr. Cox].

The amendment was agreed to.

The CHAIRMAN. Has the gentleman from Georgia any further perfecting amendments to this section?

Mr. COX. I have not.

Mr. ANDRESEN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment by Mr. ANDRESEN: Page 3, line 6, after the word "wheat," insert the word "butterfat," and on line 16, after the word "wheat," insert the word "butterfat."

The amendment was agreed to.

Mr. ANDRESEN. Mr. Chairman, I have the following further amendment.

The Clerk read as follows:

Page 3, at the end of line 25, insert a new sentence, as follows: "For the purpose of this subsection the domestic consumption percentage in the case of butterfat shall at all times be 80 per cent."

Mr. LAGUARDIA. Will the gentleman yield?

Mr. ANDRESEN. Yes.

Mr. LAGUARDIA. Will the gentleman offer another amendment for the equal reduction of production corresponding to the reduction of other products?

Mr. ANDRESEN. Yes.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota.

The question was taken, and the amendment was agreed to.

Mr. LAGUARDIA. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 4, after line 6, insert the following: "(d) No adjustment certificate or part thereof shall, while in the possession of the producer to whom it was issued, be subject to attachment levy or seizure under any legal or equitable process."

Mr. LAGUARDIA. This does not at all impair the negotiability or transfer of these certificates. It simply protects them from attachment until they are converted into cash. This is necessary if we are going to protect the farmer so that he can get any of this money.

Mr. JONES. The gentleman says that this will not interfere with the negotiability of the certificate?

Mr. LAGUARDIA. Not at all.

Mr. JONES. But it does not affect the certificates after they pass out of the hands of the producer?

Mr. LAGUARDIA. No.

Mr. JONES. We have no objection to the amendment.

Mr. PETTENGILL. Mr. Chairman, I move to strike out the last word. I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. PETTENGILL. Mr. Chairman, I have known for several days of the proposed amendment offered by the gentleman from New York [Mr. LAGUARDIA]. It has started a train of thought in my mind that I have not heard discussed on the floor.

It is argued that there is an economic justification for the bill—for taking a billion dollars out of the hands of the city consumers and giving it to the farmers on the theory that the farmer will at once spend it in the city for the purchase of shoes, clothing, and other things, and so start a billion dollars revolving between the city and the country, and thus help the city consumer and compensate him for the added cost of living that he is required to spend on account of this bill.

That theory may have some justification, but the question I raise now is, How much of this billion dollars that you are giving to the country is coming back to the city in the purchase of commodities, and how much of it is going to pay the debts of the farmer? It is my judgment that, hard pressed as the farmer is, at least half of this billion dollars will stay in the hands of the bankers holding the farmers' mortgages, and I am not at all certain that the unemployed millions of this country want to pay added expense for bread and rice and cotton goods and butter—the very necessities of life—in order to pay the debts of the farmers. That is where I think this bill fails to have an economic justification. As soon as you begin paying the farmers' debts it goes where all the money has gone under the reconstruction program. It goes into the vaults of the banks and stays there. If there were some way by which these adjustment certificates could be required to be used by the country only as a credit against the purchase of new commodities manufactured in the cities so as to make this billion dollars a constantly revolving fund between the city and the country, then I would see a great deal more ground for supporting the bill. But I am very certain that the unemployed millions of this country and the millions only part time employed are not at all anxious to pay a 100 per cent excise tax on cotton goods and flour and pork and lard and butter and rice in order to pay the farmers' debts. It is my judgment that the farmers' debts will have to be handled in some other way than by a tax on the utter necessities of life, to be borne by the consuming masses of this country. [Applause.] It is said this bill has some Wall Street support. I am wondering if the point I am now making is not one of the reasons for that support.

If the difference between 30-cent and 90-cent wheat all came back to the cities in orders for manufactured goods to give employment to their workers, who in turn would buy more farm products, and so forth, the theory would be hard to find fault with, but my point is that much of that billion would be paid by the hard-pressed farmer on his debts and therefore not find its way back to the city. If it once gets into the banks, it will do what all the other money we have poured into the banking structure under Mr. Hoover's reconstruction program has done—and that is to stay there, and not get into the channels of trade.

I think we have done enough for the present for the creditor class, and must now give our concern to the debtors and the unemployed.

This leads me to say, Mr. Chairman, that in any event, this bill does not seem to me to go to the very heart of the immediate and pressing problem of the farmer. And that is the debt burden created on a different price level. Either the farm price level must be raised to that debt level, or the debt level be reduced to the present price level, or each must move toward the other to reach a fair middle ground. I see no other alternative to that fearful and pressing dilemma. The farm debt and the city debt of this country simply can not be paid on existing commodity price and wage levels. There is no use fooling ourselves. The general counsel for the Federal land banks has given me these figures. On an average loan of $2,795 at 5½ per cent interest, it took 64.4 bushels of wheat to pay that interest in 1920. It now takes 444.3 bushels. In terms of wheat he is now paying 38 per cent interest on his loan. This is an impossible burden.

To show the trend of my thought, I quote from an article by Winston Churchill in Collier's of August 27, last:

What to do? In my opinion it would be sufficient at this stage if two or three of the principal governments of the world were to proclaim their intention of revaluating commodities and services upon, let us say, the 1927 or 1928 level; and then if sufficient financial experts were selected and told to devise steps by which this should be done, and the form of international currency that would be required to keep a stable standard of value thereafter, they would not be set an impossible task.

The Governments of the United States and Great Britain ought through their agents, the Federal reserve bank and the Bank of England, come to the definite conclusion that commodities must be revaluated up to the 1927 or 1928 level, and that thereafter sufficient currency must be available to provide a stable measure for prices. If the two were agreed it would not be long before the Bank of France would wish to be included in our consortium.

But anyhow, our two nations in accord would be powerful enough to restore to human society the numerous benefits of which it is now deprived.

This is the one task that lies to our hand.

It is "do or die."

There is much in the underlying theory of the present bill to commend it, particularly the fact that it is hoped to limit and control production until the present huge surpluses are consumed and thus, by reduced production, increase farm prices and incomes until agriculture is placed on a parity with industry. At the present time, and for several years past, the level of farm prices has been below what the farmer pays. Consequently, country and city are not able to trade with each other. I earnestly hope to see that condition remedied. At the present time the individual farmer is almost helpless to help himself. He is caught in the grip of implacable forces, originating perhaps in the Argentine, in Russia, in Austria, on the battlefields of Europe. He would like to limit his production and remove the surplus that weighs down his price below the cost of production. But he can not be sure that his brother farmer in another county or State will limit his production. So, obliged to get so many dollars to pay taxes, mortgages, and the very necessities of existence, he is forced to try to obtain that amount by raising more and more units of his crop for less and less price per unit. This is the vicious circle in which he is caught. It is a tragic condition. I hope it can be solved. Having spent my boyhood on a Vermont farm, much of which was worth only a dollar an acre, I know something of the farm problem.

But at the present time and in its present form I have decided to vote against this bill. This does not mean that I am committed against the theory of the allotment plan. It is recognized that this bill has no chance of becoming law at this session on account of presidential veto. At the special session to be held this spring the plan will be far better matured than it is now, and many objectionable features now apparent in it may be eliminated. I do not, by voting for it in its present form, wish to be placed in the position of approving many features of the present draft.

To begin with, the opponents of the legislation, joining hands with the logrollers, have loaded it down with amendments designed to make it unworkable. The bill started out to include only wheat, cotton, tobacco, and corn in the form of hogs, of all of which there are large exportable surpluses and which are therefore crops that are extraordinarily hard hit by the conditions of world markets. Rice, dairy products, and peanuts have already been added. At least two of these are crops on a net-import basis and therefore not affected by world markets. One gentleman who argued that the whole thing was unconstitutional later voted to include peanuts in order to make it ridiculous with the remark, "The Constitution does not apply to peanuts."

The bill therefore does not now conform to my understanding of the program of the big farm organizations or of the President elect which was to apply it only to crops of which we habitually produce exportable surpluses. It is only the latter which fill his formula as "to making the tariff effective." Crops of which we produce only sufficient for the domestic market are already protected by tariffs.

A further departure from the original allotment plan comes from the fact that the present bill would raise the price to the consumer even more than the tariff rate on the product. The bill now attempts to guarantee the producer a price sufficient to restore pre-war parity with industry. In the case of wheat that would now be 93 cents a bushel, or 62 cents above present market of 31 cents. Whereas, if only the tariff of 42 cents were added, the price would be 73 cents. It is easy to argue that 93 cents is none too much for the farmer, but on the other hand we have to be fair with the unemployed millions in the cities who will have to pay higher prices for bread to give the added price to the grower.

With the seven commodities already in the bill it will levy a tax of one and one-quarter to one and one-half billion dollars on the necessities of life (tobacco probably does not meet this definition); it will collect that tax from processor, middleman, merchant, and consumer and give it to the growers of these seven crops.

This is defended on two grounds. As to one, I see no objection in principle. That is that agriculture has been deflated even more and for a longer time than industry. That is true. Industry has been protected by the tariff, which has compelled the farmer to buy on a protected-price level and sell on the free-market levels of the world, with respect to exportable crops. The price of farm products is down to less than half of 1926 levels, while the prices of what he buys are down less than one-third. The deflation of agriculture has been almost twice that of industry, and with much justice it can therefore be argued that a measure designed to restore economic balance between agriculture and industry is defensible.

The other reason justifying taking over a billion dollars from one class of people and giving it to another class is the one that I have mentioned and that has not impressed me nearly so much. It is that whatever is given to the farmer he will immediately spend in the city, thus giving the city worker added employment as compensation for the higher price he would have to pay for food. But, as I have stated, it is my belief that the farmers' creditors will not permit very much of this billion to get back to the city in the purchase of new commodities.

The proponents of the bill themselves admit that the taking of a billion out of one pocket and putting it in another pocket does not in itself increase the total national wealth or the total purchasing power of the people. They justify the bill only on the ground that by redistributing this billion dollars it will get the wheels of industry off dead center. But what I am anxious about is that we do not redistribute this billion at this time from the pockets of the poor in the cities into the pockets of the holders of farm and chattel mortgages. Until such time, therefore, as an allotment plan can be hooked up with some other plan for taking care of the farmers' debts other than collecting it from the consuming masses, I would prefer to see this bill held in committee until it can be worked into the general program of the President elect to be dealt with at the special session.

There are other objections to the bill. It proposes to reduce surpluses of certain crops by reducing acreage by 20 per cent. That seems very desirable at this time when foreign markets are shut off. But if a wheat, cotton, tobacco, or corn (hog) grower takes 20 acres of every hundred out of the production of that crop, what will he do with those 20 acres? They will either be used or not used.

If not used, that will reduce the demand for farm machinery; reduce the number of men employed on the farm, add to the army of the unemployed, and tend to reduce the wages of farm labor still employed. If this acreage is used for other crops, it will increase their total yield and tend to overload their markets, thus reducing the price. So it seems to me that what the cotton farmer, for example, would gain, the grower of the other crops to which the 20 acres are planted would be apt to lose. There is danger that you would depress one market while raising the other. If so, it is not clear to me that you would increase the total purchasing power of the farmers of the Nation in the aggregate.

Further, with a guaranteed price double what he is now getting, would not the farmer buy fertilizer, and so forth, and grow as much on the 80 acres as he is now growing on the 100? How would that reduce surpluses? If it does not actually reduce surpluses, it would be almost as futile as the Farm Board which actually encouraged surpluses.

Further, can you pass on an extra billion dollar charge on food products to the consumers of the Nation at this time when millions are unemployed and millions more only part time employed? Increase the cost of bread, pork, lard, and so forth, and what will the housewives do about it? If you can not sell pork products on a 3-cent base, how are you going to sell them on a 6-cent base? Will they pay it, or will they use substitutes? If they use substitutes—po-

tatoes, vegetables, fish, beef, and so forth—that might help the price of the substitutes; but the wheat, pork, and cotton would not be bought in such large quantities as now, and so the allotment charge on these crops, which the consumer would refuse to pay, would have to be charged back to the grower in a reduced base price, less the cost of administration. In that event, the farmer, whom the bill is designed to help, would himself pay the tax. With respect to hogs particularly, that seems to be a probable result. It might be better to limit the bill to wheat and cotton alone until it has been tried out.

These are some of the difficulties I see in this bill which ought to be ironed out, if possible, before it is given to the country.

The farmers want something more than a gesture of friendship. They want a bill that will work and which they themselves are determined to make work.

I suggest that this matter be deferred until the incoming administration can determine if united leadership can be marshaled behind this or any other bill. There have been too many failures. I want a bill that will win, or at least have an even chance to win. This bill has every evidence to me of premature birth. Very few farmers seem to understand it. They have not even seen the bill. They have not had time to consider it. With the exception of one letter from an official of one of the farm organizations, not a single farmer in my district has asked me to vote for it. On the other hand, other farmers have asked me to oppose it. Perhaps they would support it if they understood it, but certainly they do not seem ready for it now. It is an old saying that "what is not understood is opposed." It will be a serious thing to give to the farmers another plan foredoomed to failure, either because of fundamental defects or for lack of united, militant, and fighting support. The farmers' condition is desperate; another farm-relief failure would be tragic indeed.

The CHAIRMAN. The pro forma amendment is withdrawn and the question is on the adoption of the amendment offered by the gentleman from New York.

The amendment was agreed to.

Mr. McGUGIN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: Page 3, line 6, strike out the words "and hogs."

Mr. JONES. Mr. Chairman, I make the point of order that that amendment has already been voted upon.

The CHAIRMAN. That is quite true, but the amendment that was voted on was offered to section 2 of the bill. This is an amendment offered to section 3, and the Chair thinks that it is in order. The Chair overrules the point of order.

Mr. McGUGIN. Mr. Chairman, this brings us back to the hog proposition. Unfortunately, when the hog proposition was under discussion in the committee a while ago, the committee went off on the proposition that it was only the packers who are against this hog provision. Let me get this situation straight before this vote. So far as I am concerned, there are no packers in my district of any consequence. I do not live in Omaha, Peoria, or Kansas City, but if I did, and I was seeking the truth about the matter, it would nonetheless be the truth. I am opposed to this hog provision in this bill because my judgment tells me it is wrong from the standpoint of the hog producer, and that judgment is based upon experience from youth as a farm boy on a farm in Kansas where hogs were produced. Not alone is that true, but my judgment of this matter is substantiated by no less an authority than Joe Mercer, secretary of the Livestock Association of the State of Kansas. Let me read into this RECORD what he says:

Should this bill go to the Senate as originally drawn, I am sure that the Kansas Livestock Association will send the writer or some one else to oppose the passage of the bill when it reaches the Senate.

I can not see how it is possible for Congress or any other branch of the Government to control the production of the hog industry through the provisions of any law, and, further, unless there is a fixed minimum price to protect the producer, the tax levied on this industry will be charged back to the producer by the packers or the purchasers of the raw material of the hog industry.

Trust you will give this your most careful consideration. I don't believe there is a farmer in Kansas, when fully advised as to the provisions of the allotment bill as applying to hogs, who would favor the bill.

Yours very truly,

J. H. MERGER, *Secretary.*

This morning I received a letter from Mr. Mercer in which he inclosed a telegram sent to Congressman HOPE:

Acknowledging your message and copy of farm bill, am still of opinion hogs should be omitted. Feel producers not sufficiently protected against possible damaging effect of proposed bill's complicated and uncertain administration. Surely Congress should pass more helpful constructive legislation in the interest of the hog industry than proposed allotment bill."

J. H. MERCER.

Joe Mercer has given his life to the livestock business. For over 20 years he has been secretary of the Kansas Livestock Association and the Kansas State Livestock Commission. Joe Mercer knows something about the hog business, and it is not the packing interest that prompts his position in this matter.

Mr. GILCHRIST. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. No. It is not the packing industry that is prompting my view, and as we go along in this bill and offer amendments, I believe this House will reach the conclusion that the provisions provided, particularly in section 2, on page 4, and in section 3, on page 5, will prove the absolute impossibility of administering this act for the benefit of the hog producer. My friend from Iowa [Mr. GILCHRIST] was right a moment ago on his corn amendment. Here is what is going to happen in your corn district out in Iowa. Those hundreds of poor tenant farmers who raise corn to sell, not to feed hogs, are going to find that they are going to get a lower price for their corn if this bill works at all.

Mr. GILCHRIST. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. Not now. If this bill reduces hog production, it will reduce the demand for corn, and as the demand is reduced, the surplus will not be reduced, and down will go your price of corn, and your big hog breeder will profit and your poor farmer will suffer.

Mr. JONES. Mr. Chairman, I had a similar letter from Mr. Mercer, secretary of the Kansas Livestock Association, and that had reference to the bill as originally drawn, which levied a specific adjustment charge or fee or tax or whatever you choose to call it. The proposed amendments provide for fixing the fair exchange value and make the adjustment charge the difference between the prevailing price and the fair exchange value, so that if the price of hogs sinks by action of the buyers, it automatically increases the adjustment charge.

The matter is now straightened out. As you will notice in that original letter, he referred to the bill as originally drawn.

Mr. McGUGIN. Will the gentleman yield?

Mr. JONES. Yes; I yield.

Mr. McGUGIN. Here is a telegram which Mr. Mercer sent me this morning, which is a copy of the one he sent to the gentleman from Kansas [Mr. HOPE], where he says he has received this new bill and has read it and is opposed to it.

Mr. JONES. He may still have that opinion, but his criticism, as the gentleman read in his original letter, does not apply to the bill as drawn. Whatever his criticism may be, it will not keep the Kansas hog grower from getting 5 cents a pound at first and more later on for the hogs which he markets.

Mr. KUNZ. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, after the passage of a similar bill three years ago, after the election of President Hoover, and since the last election, Kansas and all of the Western States rebuked the idea of an agricultural bill for the farmer. It

pleases me that we have just as many fanatics on the Republican side as we have on the Democratic side. This Congress, like a great many others, has been trying to reform. Some time ago we passed the prohibition law, and that has been repudiated by so large and overwhelming a majority that it is about time you men woke up and found out that the people of the country are misunderstood or you are misrepresenting them.

Before the last election I stood upon this floor and stated that the people of this country had no confidence in this Congress. Some laughed and jeered and pointed the finger of scorn at me and said, "Yes; because you were defeated you imagine that there is no confidence in the others." But when the votes were counted by an overwhelming majority this House was cleaned, and you will have another set of men who will be here to legislate.

Now, let us stop this reforming. Do not legislate and say to the farmer, "We want to give you 5 cents more on the pound of pork, and we are going to make the consumer pay for it."

You know and I know that this bill is of no consequence to the farmer, but it is of a great deal of consequence to the officeholder, to the man who is going to draw the blood out of the farmer and out of the consumer. You are going to pay for it. You men in Congress will pay for it. You are here now, but remember that two years from to-day there will be another handwriting on the wall and the people will awaken and they will say, "You fooled us for a long time; we have given an opportunity to you Democrats to rectify the mistakes that the Republicans have made"; and if you do not rectify them you will find they will go back to the Republicans in order to give them another chance. [Applause and laughter.]

O Mr. Chairman, we are all talking economy. It is wonderful to preach it, but it is so hard to practice it. You are trying to economize and you are putting the burden upon the consumer, and you tell the farmer, "We are going to raise the price of hogs, the price of peanuts, and the price of rice." It is the poor, humble, unemployed man who lives on pork, who lives on peanut butter, and who lives on rice, and you are going to put the burden of the taxes upon him and say, "Oh, we are economizing."

There are so many ways in which you can economize. There are so many ways in which you can collect enough money to balance the Budget without robbing the poor employee. You have been doing nothing but taking away from the hardworking laboring man, the man who works for the Government, who draws a measly salary, in order to economize. I say to you gentlemen, "Stop this economy plan. Do not bunco the people any more." Bear in mind they are on to you, and they are going to watch you mighty close. The sooner you quit buncoing the people the better off you will be. [Applause.]

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. FULLER. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, the gentleman from Kansas [Mr. McGUGIN] said that when he was a boy he lived on a farm, and he knew something about hogs. But the gentleman from Kansas has forgotten all he knew about hogs in these days and times, or he would not be offering an amendment in opposition to this bill.

Everyone who knows anything about the production and marketing of hogs knows that the packers of the United States regulate the price of every pound of hog meat that is sold in the United States to-day. That is an absolute certainty. You will notice the men who are opposing this bill are representing the packers in their communities. Anything that is good for the packers is poor for the farmers of the United States. There is no argument about that. To-day hogs are selling out in the Middle West, where they raise more of them than anywhere else, for about $2 to $2.50 per hundred pounds.

Mr. McGUGIN. Will the gentleman yield?

Mr. FULLER. Yes. I will be more courteous than the gentleman. I will yield.

Mr. McGUGIN. Assuming that the gentleman's statement is true, that the packers absolutely regulate the price, what is the gentleman's answer to the fact that the price of pork is so low to-day and the packers are not making money?

Mr. FULLER. I do not believe a word of the statement that they are not making money. There is no reason in the world why they can not as well pay 5 cents for hogs as 2½ cents. They arbitrarily set the price. You know it, and everybody else knows it.

Mr. FULMER. Mr. Chairman, will the gentleman yield?

Mr. FULLER. I yield.

Mr. FULMER. I will state to the gentleman that the packers appeared before our committee, and the statement is in the RECORD that they are making some money to-day.

Mr. FULLER. Certainly they are making money to-day. They are engaged in all kinds of business. They are going out and taking advantage of these dairymen; they are engaging in the poultry business; they are branching out in other lines of business. They are a potential force, they are a political force in the West, and they are killing the hog market of the United States as well as the cattle market.

Mr. Chairman, this bill will raise the price of pork from $2 a hundred to $5 a hundred, and when it is distributed around the little bit of it that will be passed on to the consumer will amount to practically nothing. That is exactly what it will do.

Now, this bill may be an experiment, and it is; it may be radical legislation, and I concede that it is; but we have passed radical legislation and experimental legislation in the Reconstruction Finance Corporation act and in Federal reserve banking acts. We have in this country to-day the greatest bank act this country has ever had. It was an experiment; it was radical legislation. It takes radical legislation in this day and time to extricate us from the damnable financial condition that exists in this country to-day. Why not give the farmer a little of it?

Members who are fighting against hogs being in the bill are men like the gentleman from Kansas. They are against the entire bill. Why are these gentlemen against it? Some for political reasons, some because they say it will raise the price of farm products. Is there a man on the floor of the House who claims to be a Representative or a statesman who does not in his heart want farm products raised in price? The farmers have suffered more than any other class of people in this country. As long as the farmers suffer, people in the cities will suffer. When the farmer makes money he goes to his country store, spends it, and buys goods from the merchant. The merchant in turn buys from the wholesale house, and the wholesale house buys from the factories, and the wheels of commerce turn, and men out of employment are put back to work. For the cities and industries of this Nation to prosper the farmer must prosper. We can never hope for the return of normal or good times until the farmers realize more than the cost of production. To-day these farmers have no market. They are bankrupt. Why not give them relief as well as railroads, banks, and insurance companies? If experience proves this bill to be bad, we will repeal it or perfect it. All the farm organizations demand its enactment, and we have a mandate from the American electorate to support it.

The CHAIRMAN. The time of the gentleman from Arkansas has expired. All time on the pending amendment has expired.

The pro forma amendment was withdrawn.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas.

The amendment was rejected.

Mr. ANDRESEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ANDRESEN: On page 4, after line 16, insert the following:

"(f) In administering the provisions of this section in respect to butterfats the Secretary of Agriculture shall permit cooperative

associations of producers, when in the judgment of the Secretary such associations are qualified to do so, to act as agents of their members and patrons in connection with the issuance of adjustment certificates to which such members are entitled."

Mr. ANDRESEN. Mr. Chairman, the purpose of this amendment is to provide the facilities of the various cooperative associations throughout the country so that they may issue the certificate and act for their patrons in the collection of the certificates and in the final distribution of them to the large number of patrons in the various cooperative associations. This is done to simplify the administrative work and to save the Government money. These associations will be designated by the Secretary of Agriculture if he thinks they are able to do it and qualified to assist in the administration of the act.

Mr. BURTNESS. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN. I yield.

Mr. BURTNESS. It is left optional with the Secretary; it is not mandatory, is it?

Mr. ANDRESEN. It is optional with the Secretary.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN. I yield.

Mr. STAFFORD. As I understand the purport of the gentleman's amendment, it means that we are to accept the good faith of all the employees of the cooperative societies in the issuance of the credit money that is going to be issued to the extent of hundreds of millions of dollars.

Mr. ANDRESEN. No; it will not be fiat money that will be issued; it will be these certificates that will be issued to patrons and only cashable by the patrons themselves.

Mr. STAFFORD. But it is a fiat money that is being issued by cooperatives upon the ipse dixit of the employees of the cooperatives.

Mr. ANDRESEN. Not necessarily that.

Mr. STAFFORD. And they are to be allowed to handle hundreds of millions of dollars of these certificates to be utilized as currency.

Mr. ANDRESEN. The amendment is proposed in behalf of the dairy groups. They are for it. I do not think there should be any objection to it.

Mr. TREADWAY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I desire to call attention to the remarks of two Members which they made yesterday. First, I direct attention to the speech of the gentleman from Pennsylvania where he commented on the ruggedness of New England farmers and their absolute opposition to the receipt of, or at any time asking for, anything in the nature of a dole.

I have had from constituents in Massachusetts and others in New England territory letters in strong opposition to this bill, and I am glad to comment that so far as I know, no farmer in New England, irrespective of the type of crop he may raise, wants this sort of legislation passed. I thoroughly agree with the statement of the gentleman from Pennsylvania that the type of farmers who carry on work in the hills of New England intend to retain their independence of character and do not desire any artificial aids in making an honest livelihood.

I also wish to call the particular attention of the House to the speech of the gentleman from North Carolina [Mr. BULWINKLE] yesterday, wherein he showed that the imposition of a direct rate of tariff by the pound on cotton was absolutely unfair to the producers of the various types of goods in which cotton was a component part.

Mrs. ROGERS. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield.

Mrs. ROGERS. I understand also that if this tariff or tax is placed on cotton and that if no compensatory tariff is placed on flax, linen, ramie, and so forth, and products thereof, they will come in in far greater quantity. At the present time these products, raw and finished, are competing with cotton in an alarming way. In 1931 the United States imported from thirty-five to forty million pounds of them. A duty of 5 cents a pound must be placed on these products. Very little flax is raised in this country; the cotton farmer, as well as the cotton manufacturer and employees, must be protected.

Mr. TREADWAY. My colleague is absolutely right. Speaking for the moment, however, only as to the competing materials taken into account by the bill, see what follows from a level rate imposed without regard to comparative values. If a pound of one article sells for ten times as much as a pound of another article, clearly a tariff imposed on each at the same pound rate will bear very much harder on one than on the other. Observe how it will work out with the articles here in question. It is expected that a pound of cotton will pay what is equivalent to a tariff of 9 cents. As one-fifth of a bale of cotton is waste, the rate will actually be between 10 and 11 cents a pound, which will be 175 per cent of the cost of the cotton to the manufacturer, if that be 6 cents. In the case of rayon, if the cost of that be 60 cents a pound, the rate will be 15 per cent. If the cost of silk be from $1.25 to $1.50 a pound, the rate will be from 7.2 to 6 per cent. It will be seen that this must result in a most serious handicap for cotton goods and a correspondingly great advantage to rayon, with vastly more to silk. Therefore, unless this is changed the cotton growers in getting this bill will in fact have helped enormously the competing textiles here specified.

When passed along to the consumer, the percentage costs added by jobber and retailer will make the disparity still more serious.

Let us consider the weight as applied to clothing. How would the duty on a pair of overalls for a workingman compare with that on a kimono made out of rayon for a lady? Or figure out the difference between the increase of price of a cotton handkerchief and that of a silk necktie.

Mr. BULWINKLE. Will the gentleman yield?

Mr. TREADWAY. Certainly. I have not quite concluded, but I would be glad to yield.

Mr. BULWINKLE. I want to call the gentleman's attention to the fact that as to competition linen is not considered in this bill at all. Rayon is considered.

Mr. TREADWAY. Rayon and silk are directly mentioned. So the argument I am making and the argument that the gentleman made on yesterday certainly apply to rayon and silk. As to linen, the important thing is that, not being called upon by this bill to pay what cotton and rayon and silk must pay, it will be so much better off than any of them in the matter of competition.

The evils of this proposal do not stop with the competition between textiles. Within the limits of the cotton industry itself there will be serious mischief, for coarse and fine goods are to pay the same level rate based on weight. The coarsest, heaviest cotton is used in making automobile tires. It is to pay just as much by the pound as that used in fancy cotton shirts. The weight of the shirt is perhaps not enough to make the proposed charge a very serious matter, but to the man who buys an automobile tire it will prove of real consequence. All along the line the result must be that the burden will fall unequally and, as far as it weighs heaviest on the cheapest goods, will burden most the man least able to pay.

Taken all in all, it is as absurd a proposition as can be put before us, and, therefore, I wish particularly to criticize the great Committee on Agriculture, not personally but as a committee, for assuming the rights and prerogatives of the Committee on Ways and Means in raking the tariff into this bill. To-day, or rather when I first glanced at this so-called agricultural relief bill, was the first time I ever thought that the Committee on Agriculture had the authority or the power or the ability or the expert advice to write a tariff bill. The Committee on Ways and Means has the facilities, the information, and the expert advice desirable for making up the component parts of a tariff bill. Its subcommittees devote days and weeks to studying the questions in issue. They hear witnesses well informed as to all phases of the subject involved. If necessary they visit the factories concerned and so get knowledge on the spot. Thus, they avoid such a blunder as this bill discloses. Thus, they

escape such unfairness, such widespread injury as this bill threatens.

Let it not be forgotten that the welfare of the man who processes, or as we used to say manufactures, is of vital importance to the man who produces the raw materials. You can not disarrange industry without hurting agriculture. It is of vital concern to the cotton grower that the market for his product shall not be damaged to the serious extent and in the unjustifiable way that the machinery of this bill will entail.

Mr. JONES. Mr. Chairman, I think the gentleman has misconstrued the provisions he refers to. As to the provisions that would normally come under the jurisdiction of his committee, we have included only those provisions that are essential to this bill. I am willing to admit that the gentleman has a wonderful committee, composed of members who are able and intelligent; but I notice that in preparing the Reconstruction Finance Corporation measure last year his committee put agriculture in that, and in the emergency-relief measure it took jurisdiction of the establishment of agricultural-credit corporations, matters which normally would have gone to the Committee on Agriculture or the Committee on Banking and Currency. I say that not as criticism but to show that in working out a bill the question of jurisdiction is determined by the major purpose of the bill. In nearly every great bill that is presented it is essential in making a well-rounded bill to cover some features that would go to some other committees.

It was not with any intention of trespassing upon the rights of any other committee or invading the jurisdiction of any other committee that this was provided, and, according to those who have studied the matter and given us the information, it only makes the processing fee just enough to cover the amount of raw commodities, which would be a very small amount.

Mr. McCORMACK. Will the gentleman yield?

Mr. JONES. I yield.

Mr. McCORMACK. We have an amendment before the committee now. I am curious to find out what the attitude of the chairman of the Committee on Agriculture is with reference to the particular amendment which is before the committee, which is a radical departure from the bill itself relating to every other commodity?

Mr. JONES. I do not think this is a radical departure. It is just a question of the administration of this bill.

The pro forma amendment was withdrawn.

The CHAIRMAN. The question is on the amendment to the committee amendment offered by the gentleman from Minnesota.

The amendment to the committee amendment was agreed to.

Mr. McSWAIN. Mr. Chairman, I move to strike out the last two words and ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. McSWAIN. Mr. Chairman, in connection with the general principles of this bill, in my humble judgment, as a sincere friend of agriculture, as a farmer, as well as the owner of considerable farm lands, the bill strikes me as nothing but a plain and simple proposition to subsidize agriculture. It proposes to raise money by the levying of a tax to be distributed among a part of the farmers.

I am not altogether averse to subsidizing agriculture. I think much of what has been said here in general debate, and particularly the remarks of the chairman of the committee, the gentleman from Texas, is true, to the effect that the Nation faces a most trying crisis and that extreme and emergency measures must be resorted to in order to meet it.

The objection I make to the bill is that it proposes to levy a tax upon the very people who can least afford to pay the tax with which to subsidize agriculture. It proposes to levy a tax not upon pleasures, not upon conveniences, not upon luxuries, not upon theaters and tourist hotels and automobiles and jewelry—it proposes to levy the tax upon the things that people must eat in order to exist. In order to raise money by this tax it must raise the price of the things that the industrial workers must buy in order to eat, and there are at least 10,000,000 industrial workers without jobs, which means at least 30,000,000 human beings who are upon the very verge of starvation and to whom a breakfast and a dinner and a supper are the most vital problems confronting them every 24 hours.

Mr. NELSON of Missouri. Will the gentleman yield?

Mr. McSWAIN. I yield.

Mr. NELSON of Missouri. Then my colleague does not believe it is possible to sell more goods at a high price than a low price?

Mr. McSWAIN. Of course; the answer to the query is obvious.

Under normal conditions, when industry is busy and when the masses are employed at normal wages, such a proposal might work, but to benefit agriculture under the peculiar conditions now prevailing in this Nation is tragic in the extreme. [Applause.]

Mr. JONES. Will the gentleman yield?

Mr. McSWAIN. Certainly.

Mr. JONES. Does the gentleman think there is anything wrong with simply lifting the price of farm commodities up to the ratio price, where it ought to be, in line with other commodities?

Mr. McSWAIN. I do not oppose that proposition. I say that under normal conditions it might work, but under conditions now you are seeking to escape one terrific consequence to this Nation and precipitating a greater and a more disastrous consequence upon the Nation. [Applause.]

[Here the gavel fell.]

Mr. McSWAIN. This domestic-allotment plan seems to be a mixture of hope and fear. There is hope that it will help the prices of farm commodities, and there is fear that it will close some of the cotton mills, or at least curtail production, and thus cause some employees to lose their jobs. It is not possible for the mills further to cut wages. Any reasonable suggestion to help agriculture without producing a direct injury to workers in the cotton mills would certainly have my support. But the interests of both the farmers and of the mill workers are too closely interlocked to think of helping the farmers at the expense of the mill workers. In the neighborhood of the cotton-mill towns are many farmers that produce milk, butter, vegetables, and potatoes for sale to the mill workers. If the mill worker loses his job, or if his salary is cut, the farmer thereby loses his market. If the mills can barely operate at the present price of cotton, there is serious danger that they could not operate at all if the price of cotton be doubled. There is no way of forcing the public to buy cotton goods, and the people can do without clothing longer than they can do without food. They can wear old cotton goods, old shirts, and old dresses, but food can be eaten only once. Hence, the food crops have an advantage over the cotton crops in such a depression.

Under normal conditions the domestic-allotment plan would tend to equalize agricultural products with industrial prices. But in this crisis, when nearly one-third of the population has lost its purchasing power and is living on mere pittance, and part of that out of the Public Treasury, and when the industrial workers have had their wages cut to the bone, and must buy everything they eat, and are unable to pay rent, surely when such conditions prevail is no time for experimenting in an artificial and 1-sided price-boosting project. If it be true that the Chamber of Commerce of the United States and some big Wall Street financiers favor the allotment plan, it is merely because they want to divert attention from the real remedy, which will help 95 per cent of the people in the Nation, and that is an expansion of the volume of money. That will produce a rise in prices of all commodities. With the first rise in prices will come increased stimulation in all mercantile lines. That will in turn produce a demand for manufactured products, and thus the mills of all kinds will resume full-time capacity production. With such a condition will come increase in wages, and as a result of the general rise in prices, and in wages, the buying power of all the people will

be increased, and their many and long-deferred wants will be supplied. The 5 per cent who will not be directly benefited by money expansion will certainly not be hurt. That is the small group of investment bankers and bond buyers that have bought securities within the last three years. This number, compared with those whose investments antedate 1929, is almost insignificant. With the possibility and prospect of relief all along the line to practically everybody, it is unfortunate to be sidetracked with a proposal of partial and of doubtful relief.

By the allotment plan the cotton farmer who eats flour will contribute to the wheat farmer. But the wheat farmer can postpone buying a new shirt for himself or a new dress for his wife and leave the cotton farmer unable to buy wheat. Thus both will finally suffer as a result of the injury they have caused to the industrial workers.

I have always supported every measure that offered any prospect of relief to farmers, but since the domestic-allotment plan is based on mere hope, and has already produced a paralyzing effect upon industry, which, in turn, has affected injuriously the price of cotton, I can not vote for the bill. I fear it may be worse even than the Federal Farm Board project. When Hoover's stabilization dream began to function with the Federal Farm Board, in 1929, cotton was 18 cents a pound, and they later tried to peg it at 16 cents a pound, and now cotton is 5 cents a pound, with a 9½-million-bale carry-over. This carry-over is more cotton than we can consume in America in the next year, without raising a single additional bale. The domestic-allotment plan contemplates only a 20 per cent cut, and we know that every farmer would not plant the poorest and least productive land. Furthermore, if the farmer felt assured that the price would be 10 cents a pound next fall, he would highly fertilize, and intensely cultivate, and vigorously fight the boll weevil, on the 80 per cent planted. Consequently, we might produce in 1933 a larger crop than we did in 1932. With such a prospect facing the country, we could not expect the cotton manufacturers of America to pay 10 cents a pound for cotton and compete with the cotton manufacturers of other countries, who could buy 5-cent cotton and hire pauper labor.

I seriously doubt the constitutionality of the bill. I have studied this aspect of it very carefully, and believe that the Supreme Court would promptly set aside the whole act as in violation of the fundamental principle of the Constitution, that the power to tax can be exercised only for the purpose of raising public revenues.

The bill, as a whole, must be considered as a direct sales tax, paid by the processors of cotton, wheat, hog meat, and tobacco, for the purpose of raising money to be distributed among a part of the farmers, who would finally draw their money direct from the Treasury. This seems to be an exertion of the taxing power, to take money directly out of the pocket of one citizen and to put it into the pocket of another citizen.

The farmers do not favor any such method of farm relief. They do not want to be pampered and petted and relieved by a direct dole from the Treasury. The farmers want a fair price for their crops, based upon its intrinsic and economic value. They do not so much wish to be coddled and favored as they do wish a free hand and a fair chance in the world. To raise the prices of their products by expanding the volume of money will give them relief from the burdens of taxation and interest and debt, and that is what the farmer wants. In other words, no farm relief is equal to the relief of an honest dollar. Debts that were contracted and secured by mortgages on farms when cotton was 20 cents a pound and wheat $1 a bushel and hogs 10 cents a pound on foot can not be paid with dollars that call for four times as much cotton, three times as much wheat, and four times as much meat.

I am unwilling to be sidetracked from the main issue of nation-wide relief by money reform, and I invite all farmers and merchants and bankers and manufacturers and their employees to join in a determined fight for the only relief that will help practically everybody.

If we strip this bill of all forms and names, it is essentially an attempt to subsidize certain agricultural products. Such subsidy is justified by its proponents on the ground of national emergency and dire necessity. The excise tax is confessedly imposed on certain commodities so as to raise money with which to pay this subsidy. I am willing to subsidize agriculture as an emergency measure. Through the Reconstruction Finance Corporation we are now subsidizing railroads, insurance companies, banks, and mortgage-loan companies. We are also subsidizing the industrial interests by feeding or helping to feed their unemployed during this emergency. But I think that the selection of the particular commodities on which the tax is imposed is most unfortunate. It is a direct tax upon the necessary things of food and clothing. It is a sales tax in its most vicious form.

If agriculture must be subsidized by direct contributions from the Treasury in order that the Nation may be saved in an emergency, then the tax whereby to raise the money should be levied on luxuries, pleasures, conveniences, and comforts, but not upon the things that all men, rich and poor, sick and well, employed and unemployed, must have to eat and wear. At this time, when 10,000,000 wage earners are idle, and consequently at least 30,000,000 are left without the money to buy bread and meat and clothing, it would be extremely unwise to raise the cost of bread and meat and clothing by this tax. If, to avert revolution by the farmers, we impose intolerable burdens upon the living of at least 30,000,000 connected with the industries, they who must daily have cash to buy everything they eat and must pay rent, water rent, and light bills, how could we expect them to accept such results with calm and contentment? Instead of taxing what the poor industrial worker must eat, and thus raising its price, let us tax beer, soft drinks, theaters, sports of all sorts, automobiles, dance halls, tourist hotels, jewelry, and all those things not vitally essential to sustain life and that people can do without in an emergency. But if there be any who have the means of enjoying these pleasures, luxuries, conveniences, and comforts, let them pay the tax and thus help to save the Nation and the civilization that has conferred these things upon them. Under normal conditions, such an experiment as is proposed by the domestic-allotment plan might work without producing disaster and discontent, even threatening revolution. But to avert threats of revolution in one direction by almost certainly producing actual revolution in another direction is folly.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section close in 10 minutes.

The CHAIRMAN (Mr. BANKHEAD). Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. KETCHAM. Mr. Chairman, I am sure that in common with other members of the committee, I share the very high respect in which the gentleman who has just left the floor is held. I know he is exceedingly earnest, but I believe that he and others who have recently taken the floor and have stressed the idea of raising the price upon the necessities of life, as an especially harmful thing in these days, have been unduly exaggerating their fears.

I thought I might render a bit of service to the committee in the consideration of this bill if I presented what I regard as perhaps the most expert testimony on that very definite point that has come to my attention as a member of the Committee on Agriculture.

In 1924 the Committee on Agriculture had before it for consideration what was known as the brand bread bill, and one of the witnesses appearing at that time was a distinguished lawyer from the city of New York, by the name of Elwood M. Rabenold. I am sure a great many of the New York delegation are acquainted with him and know somewhat of his reputation. I want to give his testimony, bearing directly upon the point of any unusual increase in the price of bread as a result of a rise in the price of wheat, as an offset to that which has just been emphasized by the gentleman from South Carolina and a number of others who have recently spoken. In order that I may quote him

exactly I have consulted the hearings and present his exact words. He said:

It requires a fluctuation of $2.50 per barrel in the price of flour before there can be a reflection of a cent either in reduction or increase in the selling price of a loaf of bread.

This, gentlemen, was the attorney for the American Bakers Association and as thoroughly informed a witness as the Committee on Agriculture has ever had before it.

Now, reducing that statement to bushels in order that we may get the picture, he said that it would require an increase of $2.50 a barrel on flour before that would be reflected in 1 cent increase on a pound loaf of bread. Divide the $2.50 by four and a half, the number of bushels in a barrel of flour, and you have 55½ cents. I believe that increase in the price of wheat, according to Mr. Richards, could be absorbed without raising the price of a pound loaf of bread 1 cent. In view of that fact, what becomes of the alarm that has been expressed by my good friend from South Carolina?

Mr. McSWAIN. Will the gentleman yield?

Mr. KETCHAM. Yes.

Mr. McSWAIN. If that is true, the bakers and the millers must be getting enormous profits in view of the low price of wheat.

Mr. KETCHAM. It is certainly true that the spread between wheat and bread prices has increased in the period between 1914 and the present day. The price of wheat is now 36 per cent of the 1914 price, while that of bread is 99 per cent of the 1914 price. There would be no justification for any great increase in bread. I think the gentleman is unduly alarmed.

Mr. LANHAM. Mr. Chairman, I move to strike out the last word. I do so in order that I may have this brief opportunity to express some of the sentiments which impel me to oppose this bill. I regret that my ideas concerning this measure are in conflict with those of my distinguished colleague, the chairman of the Committee on Agriculture, for whom I have an abiding affection and regard.

The district which I have the honor to represent is very largely agricultural. I yield to no one in the intensity of my desire to promote the real interests and welfare of the producers of our land.

But in my judgment this bill proposes that we enter another legislative and economic blind alley, one from which we must later emerge and start all over again. The proponents of the measure very candidly say that under normal conditions they would not advocate the adoption of its provisions.

This is not the first time that a proposal having the same purpose in view has been made. In a similar way the Federal Farm Board was established to insure stability of agricultural commodities and approximately one-half a billion dollars was appropriated for its use. It bought surplus crops of cotton and wheat, and Congress has given much of each to the Red Cross for the laudable purpose of relieving suffering humanity. But in spite of the large appropriation it can hardly be said with accuracy that the original purpose to increase the price of farm products has been accomplished.

I am one of those who believe that we can not have a restoration of normal conditions until we restore normal operations [applause], until we take down the barriers that stifle and prevent normal international trade—barriers of exchange and barriers of tariff. Naturally it will take some time to bring these things about, and it is hoped that the economic conference to be held this year will be helpful in this regard.

What is the real emergency just at present with the farmers of the land? In a trip last summer over the district I represent I found that in the country and the smaller towns the people were not fearing a lack of food. They said they had canned and preserved so much food that no one would go hungry this winter. Their chief concern was along another line, and I suppose the conditions I found there are typical of most of our agricultural districts. They were worried about the debts on their farms, worried about the mortgages and the installments of principal and interest they were unable to meet, worried about foreclosures. It seems to me that the legislative emergency with reference to their situation is the necessity for some system of refinancing their obligations in order that they may keep their land. If this emergency is cared for, then we may proceed to bring about as speedily as possible the restoration of normal conditions and operations, under which they were formerly prosperous and received fair prices for their crops.

Mr. DOWELL. Does not the gentleman think it would be much better if we increase the price of other products?

Mr. LANHAM. It is a well-known fact that to-day there are ten or twelve million of our people walking the streets looking for work with which to earn enough to buy food for themselves and their families. Most of these are not in the country but in the cities. The people in the country generally have food in relative abundance which they have canned and preserved themselves. But we must be mindful also of the many unemployed. How can these men without work have a greater sum at their disposal to pay increased prices for the food that they must consume and the clothes that they must wear? The farmer is asking to-day as never before that he be allowed an opportunity to keep his land, that he may have an extension of his loans and a reduction in his rate of interest, that he may keep the goose that lays the golden egg until Congress in its wisdom shall break down the barriers that have prevented international trade and allow that trade to flow again in order that his crops may go as formerly to the markets of the world. [Applause.]

Mr. McGUGIN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: Section 3, subsection B, line 9, after the word "commodity," strike out the remainder of the sentence down to and including the word "year" in line 11.

Mr. JONES. Mr. Chairman, I think the gentleman must have the wrong page. We have passed that section.

The CHAIRMAN. That language has already been eliminated from the bill by the prior action of the committee.

Mr. McGUGIN. Then, Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: Section 3, subsection C, line 16, page 3, strike out the words "or hogs."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas.

The amendment was rejected.

Mr. McGUGIN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: Section 3, subsection D, page 4, strike out lines 4, 5, and 6, inclusive.

Mr. McGUGIN. Mr. Chairman, at this time I ask unanimous consent to address the committee for two minutes.

Mr. JONES. I hope the gentleman will be satisfied and not offer any other amendments.

Mr. McGUGIN. I am going to offer an amendment all through this, wherever hogs show their heads.

The CHAIRMAN. The gentleman from Kansas asks unanimous consent to address the committee for two minutes. Is there objection?

Mr. PARKS. I object.

Mr. McGUGIN. Mr. Chairman, I move to strike out the enacting clause.

Mr. JONES. Mr. Chairman, that is a motion that has already been disposed of.

Mr. McGUGIN. But business has been transacted since then.

Mr. STAFFORD. Mr. Chairman, I make the point of order that that motion has already been made and that it is dilatory.

The CHAIRMAN. The gentleman from Kansas moves to strike out the enacting clause of the bill.

Mr. STAFFORD. Mr. Chairman, I make the point of order that that motion has already been voted on by this committee and that the motion at this time is dilatory, in view of the fact that the gentleman who makes the motion has been seeking to gain the floor for debate and was denied that privilege by the committee.

The CHAIRMAN (Mr. BANKHEAD). The Chair was of opinion that the position taken by the gentleman from Wisconsin was correct as a matter of first impression, but the attention of the Chair has been called by the Parliamentarian to the fact that a number of substantial amendments have been added to the bill since that motion was last offered.

Mr. STAFFORD. Will the Chair permit me an observation? The fact that additional amendments have been adopted goes to prove that the committee is in the mood of perfecting the bill and not destroying it, as is the purpose of the amendment which seeks to strike out the enacting clause. The mere fact that perfecting amendments have been adopted does not overpower the fact that the committee has already acted on a motion of this kind once before in the consideration of the bill and at this session.

The CHAIRMAN. The Chair has before him a decision made by Chairman HARRISON on April 5, 1916—CONGRESSIONAL RECORD, page 5553—wherein it was held that the motion to strike out the enacting clause might be offered the second time even though the House previously had nonconcurred in the recommendation of the Committee of the Whole to strike out the enacting clause of the same bill. The Chair therefore overrules the point of order. The gentleman from Kansas is recognized for five minutes.

Mr. McGUGIN. Mr. Chairman, again I rise to call attention of the committee to the fact that we are enacting a bill in haste, which is ill-advised, which is wreaking, rank discrimination as between farmers of this country. I call the attention of the committee to this language in the bill:

> But hogs shall not be deemed to be marketed when sold or otherwise disposed of to a feeder of hogs, who is not also a processor of hogs.

There is a class of farmers who raise hogs up to 75 or 80 pounds, and then sell them to feeders. That class of farmers will get no benefit. The feeder will feed the hogs up to 200 pounds and he will get the benefit of the whole 200 pounds. You will have brought no relief to this first class of farmers. There is another thing I want to force to the attention of the committee and that is that there is another class of farmers who raise corn who do not feed hogs. They sell this corn and they will sell it to the feeders of hogs. Assuming that the bill works, and you reduce the production of hogs, you therefore reduce the demand for corn, and your bill can not reach that producer of corn who does not produce hogs and he does not reduce his acreage. As a result he has a surplus of corn, with a decreased demand, and this very bill wreaks injustice against those thousands and thousands of farmers who only produce corn, and unfortunately that is the poorest class of tenant farmers, the ones in greatest distress and despair. So that in this bill we discriminate against the exclusive raiser of corn and against the seller of hogs that are sold for feeding purposes.

If we are going to pass an agriculture bill it must help all the farmers of this country and not just a class of them. That is the trouble with this legislation. If we could have a practical allotment bill, it must apply to the grain back at the farm, run with the land, and not be limited as a special privilege for a special class. That is what is the matter with this bill from beginning to end. That is why I am fighting it, coming from a farming district. I know this will work havoc on agriculture. It may be that you will raise the price of hogs for a few months. It may be you will raise the price of wheat to 93 cents, as the chairman says, for a few months, but down the road the relapse is going to be greater than it was following the Farm Board fiasco. The Farm Board raised the price of wheat for a few months, and what has happened at the end of the road? Suppose they raise the price of wheat for a few months. That means you will sell wheat at 93 cents, which has an actual market value of 25 cents. That means we have artifically increased the price of something over 275 per cent. Now, men representing the people of the United States, sitting here in Congress at the time of a crisis like this, suggest that by legislation we can increase something 275 per cent when the experience of centuries is that it has not yet been demonstrated that by legislation you can increase the price of any commodity 5 per cent. The whole thing is ridiculous, and in the end it is bound to destroy the farmers of this country. [Applause.]

I am standing here begging for agriculture. My prayer for the farmer to-day, first of all, is to deliver him from his political saviors who have destroyed him for 10 years [applause], and at the same time will destroy their Government. You are destroying this Government here to-day when you do such things as writing into the bill that the Government must duplicate every cream check in this country every month. What an army of bureaucracy you are going to have. How are you ever going to balance the Budget spending money that way? Yet everyone says the Budget must be balanced. Economy must be effected in order to reestablish the stability of our Government. Will somebody, somebody seriously stand up for a while and defend government—just poor government. [Applause.]

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. JONES. Mr. Chairman, the motion will not be taken seriously.

Mr. McGUGIN. I do not care to press that motion.

Mr. GOSS. Mr. Chairman, I object.

The CHAIRMAN. The gentleman from Texas has the floor.

Mr. JONES. As to the first proposition of which the gentleman speaks, that the hog grower who sells to the feeder will not get any benefit, I will say we had some difficulty in working out that provision in order to adjust it fairly, and we followed those who had experience in this business. Certainly the feeder must pay something additional to the grower or he will not sell his hogs. He does not have to sell them to the feeder. He can feed them himself or sell them to the slaughterer, and in order to keep them from going to the slaughterhouse where the processing charge is paid the feeder will pay more. That is quite clear.

Mr. WILLIAM E. HULL. Will the gentleman yield?

Mr. JONES. I yield.

Mr. WILLIAM E. HULL. I asked the question earlier, and I want to ask the chairman of the committee this question: Hogs were put in this bill for the purpose of raising the corn. Is that true?

Mr. JONES. Hogs were put in this bill for the purpose of getting a better price for hogs, and thus saving the Corn Belt and giving it a chance to get on an even keel with the rest of the country, if possible.

Mr. WILLIAM E. HULL. Now, I want to ask this question, to get it straight in my mind: You put hogs in here for the purpose of raising the price of corn?

Mr. JONES. No. We put hogs in for the purpose stated in the bill, and because there was no practical way to handle the corn situation as such.

Mr. WILLIAM E. HULL. I am only asking the question for the benefit of the House.

Mr. JONES. And we provide here that if a man grows hogs and also grows corn, and I understand many of them do in the Corn Belt, although I am not so familiar with that as I am with other parts of the country, they must reduce their corn acreage if they are producing corn, and that certainly will tend to help that situation.

Mr. WILLIAM E. HULL. Now I come back to the question again. For instance, you reduce 20 per cent on hogs. In order for them to get the benefit of this they must reduce?

Mr. JONES. The tonnage must be reduced.

Mr. WILLIAM E. HULL. How will that help the corn grower because you have taken 20 per cent of his market away?

Mr. JONES. If you put hogs up to 5 or 6 cents a pound, you are helping the corn grower and you are helping the market for the corn.

Mr. WILLIAM E. HULL. How will you do that if you take 20 per cent of the hogs away from eating the corn?

Mr. JONES. We do not do that. We just take away the market tonnage.

Mr. WILLIAM E. HULL. In order for you to increase the sale of the hogs you have to reduce hogs 20 per cent.

Mr. JONES. No. You have to reduce the marketing tonnage.

Mr. WILLIAM E. HULL. Well, all right. If I have hogs for sale, in order to get this I will have to reduce my hogs 20 per cent.

Mr. JONES. No.

Mr. WILLIAM E. HULL. Then the bill is wrong.

Mr. JONES. You have to reduce your marketing tonnage during the period. A man can sell if he wants to when the hogs are smaller. He can make any adjustment he sees fit.

Mr. WILLIAM E. HULL. But you must reduce it 20 per cent in order to collect the fee.

Mr. JONES. You would have to reduce the marketing tonnage 20 per cent.

Mr. CAMPBELL of Iowa. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from Iowa to answer the question.

Mr. CAMPBELL of Iowa. I know something about the hog business, and I can answer the gentleman's question.

Mr. WILLIAM E. HULL. No. I want the chairman of the committee to answer it. He is running this.

Mr. JONES. I decline to yield further, Mr. Chairman.

Mr. MANLOVE. Will the gentleman yield?

Mr. JONES. I yield.

Mr. MANLOVE. Some of the opponents of this bill have argued from the viewpoint that the passage of this measure might be detrimental to the hog raiser and the corn raiser. If this bill should be ever so much of a failure, could there be very much injury to the man who is selling his corn for 6 cents a bushel or the man who is selling his hogs for 90 cents a hundred?

Mr. JONES. Certainly you could not hurt that man very much.

The CHAIRMAN. The time of the gentleman from Texas has expired.

The question is on the motion offered by the gentleman from Kansas [Mr. McGUGIN] to strike out the enacting clause.

The motion was rejected.

The CHAIRMAN. The question now recurs to the first amendment offered by the gentleman from Kansas [Mr. McGUGIN].

The amendment was rejected.

The Clerk read as follows:

DOMESTIC CONSUMPTION PERCENTAGE

SEC. 4 (a) The Secretary of Agriculture—

(1) In case of wheat, cotton, and tobacco, shall, at least two weeks prior to the commencement of each marketing year with respect to which this title is in effect for the commodity, estimate, as nearly as practicable, and proclaim the percentage of the total domestic production of the commodity during the then current calendar year that will be marketed and needed for domestic consumption.

(2) In the case of hogs shall, within 30 days after the date of approval of this act, estimate, as nearly as practicable, and proclaim the percentage of domestic hogs to be marketed during the initial marketing period for hogs that will be needed for domestic consumption. For the purposes of this title the initial marketing period for hogs shall be the period commencing 30 days after the date of approval of this act and terminating at the commencement of the 1933–34 marketing year for hogs.

(3) In case of hogs shall, at least two weeks prior to the commencement of each marketing year with respect to which this title is in effect for hogs, subsequent to the initial marketing period for hogs, estimate, as nearly as practicable, and proclaim the percentage of domestic hogs to be marketed during such year that will be needed for domestic consumption.

(b) Any such percentage proclaimed for any period shall be based on statistics of the Department of Agriculture and other Federal agencies as to the average domestic consumption of the commodity for the five preceding periods of like duration.

Mr. JONES. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment: Page 4, after line 8, insert the following: "In the case of wheat and cotton, shall, within 30 days after the date of the approval of this act, estimate as nearly as practicable and proclaim the percentage of domestic wheat and cotton to be marketed during the respective initial marketing periods therefor that will be needed for domestic consumption."

And in line 9, strike out "(1)" and insert "(2)"; in line 16, strike out "(2)" and insert "(3)"; in line 20 strike out all after the period down through line 24; and on page 5, line 1, strike out "(3)" and insert "(4)".

Mr. JONES. Mr. Chairman, this further corrects the provision for the initial period for these commodities.

Mr. GLOVER. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. GLOVER: Page 4, section 4, amend the committee amendment by inserting after the word "wheat" a comma and the word "rice" in each case where the word "wheat" occurs in the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas.

The amendment was agreed to.

Mr. COX. Mr. Chairman, I offer a perfecting amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. COX: Amend the committee amendment by inserting after the word "rice," wherever it occurs in the committee amendment, the word "peanuts."

The CHAIRMAN. The question is on the amendment to the committee amendment offered by the gentleman from Georgia.

The amendment was agreed to.

The CHAIRMAN. The question is on the committee amendment as amended.

The committee amendment as amended was agreed to.

Mr. GLOVER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GLOVER: Page 4, line 9, after the word "wheat," insert a comma and the word "rice."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas.

The amendment was agreed to.

Mr. COX. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COX: Page 4, line 9, after the word "cotton," insert a comma and the word "peanut."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia.

The amendment was agreed to.

Mr. McGUGIN. Mr. Chairman, I offer an amendment.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 10 minutes.

Mr. WHITE. Mr. Chairman, I object.

Mr. JONES. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 10 minutes.

Mr. McGUGIN. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. McGUGIN. This is not the proper time to make the motion. This motion should not be made until after I have discussed my amendment.

The CHAIRMAN. The point of order is overruled.

The question is on the motion of the gentleman from Texas.

The motion was agreed to.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Kansas.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: Section 4, subsection (2), strike out subsection (2), the same being lines 16 to 24, inclusive.

Mr. GOSS. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state the point of order.

Mr. GOSS. Section 3, subsection (b), on page 3, specifies that the adjustment certificate shall be issued in the case of wheat, cotton, tobacco, and so on, and it refers to the marketing period on hogs specifically in section 4. We are now on section 4. My contention is that by striking out this section it would not be germane to the bill.

The CHAIRMAN. The gentleman raises the question of germaneness. The Chair is inclined to think that this proposition is germane. It may be inconsistent with prior action taken by the committee, but certainly it is not governed by the point of order raised by the gentleman from Connecticut.

The Chair overrules the point of order.

The gentleman from Kansas is recognized for five minutes.

Mr. McGUGIN. Mr. Chairman, if the members of the committee will really seriously read subsection (2), page 4, and subsection (3), page 5, they will see what an impossible thing we are enacting into law.

In subsection (2) we are requiring the Secretary of Agriculture to proclaim the percentage of domestic hogs to be marketed during the marketing period with the hogs that will be needed for domestic consumption. This will require that the Secretary of Agriculture be able to ascertain with a reasonable degree of certainty the amount of hogs which are going to be produced as well as the amount of meat which will be consumed. I do not believe it is possible in advance for the Secretary of Agriculture or any other statistical division to reach a reasonable, rational conclusion as to how many animals are going to be produced in a future year or any future time, because that depends upon how many animals are used for breeding purposes. The Secretary can obtain such statistics on grain. Why? Because after it is planted you can ascertain how many acres have been planted and you know with a fair degree of accuracy how much will be produced. But here we are requiring something which is an impossibility.

We have no business standing here to-day enacting legislation calling on an executive department to do something which is impossible. Pass this bill with these two sections and here is the situation you will face: You can not get a man to be Secretary of Agriculture in the next administration, unless his only interest is to come down here and socially strut, because he knows he is bound to be a hopeless failure.

Let us see how much you are demanding. Go to page 11 and you will find that under this bill we are demanding that the Secretary of Agriculture put this proposition as it pertains to hogs into effect the day after the bill is passed. We are demanding that the Secretary find out how many hogs will be produced and how much pork will be consumed during the marketing year, and do so before the bill goes into effect, but we require him to do all this the day after the bill is passed. If we have no respect for ourselves, we should at least have some respect for reason—God's reason, if you please. It is wrong for a legislative body to enact legislation which it knows the executive department can not carry out. No wonder the people of this country are losing respect for government. Why should they not when a Congress will sit here and pass legislation which it knows can not be carried out with any degree of efficiency. That is why this bill is ridiculous; that is why it is absurd; that is why it is a crime against government and is bound to be a failure so far as the farmers of this country are concerned. The farmer should not be made the football of politics and be an excuse for enacting legislation such as this with such provisions as sections 2 and 3, which are an imposition on common sense.

A few moments later I will offer an amendment to strike out subsection (3). I have no desire to discuss it, because I have here discussed the two together.

I yield back the remainder of my time.

Mr. GIFFORD. Mr. Chairman, in saying a word for the manufacturers I want to remind you that I am not speaking entirely for New England manufacturers. I want to remind you of the speech of the gentleman from North Carolina [Mr. BULWINKLE] and the gentleman from Georgia [Mr. TARVER], so that in future references, speak of the danger to cotton mills as having been presented by these southern gentlemen, as well as myself, and do not point your finger wholly at New England.

Among the very many valid objections to this so-called domestic-allotment plan, from the standpoint of industry—especially textile manufacturers—I might enumerate the following: For a long time now cotton manufacturers have been unable to produce finished goods at a profit, even at the present comparatively low cost of raw material. An excise tax, such as has been proposed, would naturally increase the price of such material, as is intended that it should. This would add to the cost of manufacture at a time when the domestic manufacturers are finding it extremely difficult, if not impossible, to secure sufficient working capital for their business.

Furthermore, these manufacturers would find it practically impossible to make definite arrangements to meet these increased expenses laid upon them because of the undetermined and variable amount of the tax. Especially at a time when the restoration of confidence is the fundamental requirement for business recovery, such a condition of uncertainty would be a further blow to these great industries. It would inevitably result in slowing up, rather than speeding up, business and this would in consequence aid to defeat the very purpose of the plan.

As a practical matter, if such a proposal as this were put into operation, it is perfectly obvious to anyone familiar with governmental operation that the Federal Government would not be able to follow each and every individual beneficiary of the tax to see that the curtailment of acreage is carried out. In a sense, this fact does not directly affect manufacturers, but in the broader view of the matter it affects them and every American taxpayer. It stands to reason that a huge and expensive organization of inspectors would be required, with clerks, supervisors, and the like, and the cost of this to the country at large would be staggering. To help one class you would place an additional and unjustified financial burden on all other classes at a time when the general and proper demand is for a reduction of taxes. Much of the money thus expended would benefit no one except the force receiving it in the form of salaries.

The increased cost of raw material to manufacturers would necessarily encourage foreign competitors and make their competition keener. In theory our industries are now protected from such rivalry by the tariff, which the Democratic Party has promised to reduce; but all of us know that due to depreciated currency and much lowered wages and other costs of manufacture abroad our local manufacturers are already being disastrously affected by this form of competition.

It is true that under this measure compensating adjustment charges are to be provided to protect the processors. This, however, is a very visionary proposal, fraught with great difficulties. Experience in other forms of "drawbacks," so called, has plainly demonstrated that the governmental routine which has to be followed, the long waits attendant upon the processes, and the expense inevitably involved makes the game hardly worth the candle.

There is the further objection that the ultimate consumer of the finished produce is the one who must finally foot the bill. Costs of textiles would have to be increased at a time when the buying public is hard pressed. And the burden would fall most heavily on purchasers of cotton goods—work clothing. At a time when every effort is being made to increase consumption of goods you are proposing to add to the financial burden of the consuming class. There could be only one result. Higher-priced goods, at a time when the city and town worker is already hard pressed financially, would mean the practice of further economy in the matter of buying. They are offered no compensatory benefits, only an added burden. The less they buy, the less the mills can sell. The less they sell, the less raw material they can buy. It is again the vicious circle.

You have framed this bill to benefit especially the growers of cotton. One of the certain effects of its enactment would be to increase the competition which cotton goods have been experiencing more and more sharply during the recent years from other fabrics—the so-called finer goods. It carries in it the seed which would grow into the defeat of its own purpose, for once a cotton consumer is lost to the trade it is generally difficult to regain him.

The cotton-manufacturing industry has made a very careful study of this bill and its certain effects and has issued the following statement thereon:

For standard print cloths commonly used for house dresses and similar garments, the increase in the price of goods as they leave the mill will approximate 37½ per cent.

For narrow sheetings, a coarse-yarn fabric, used in bagging, low-priced garments, building operations, and in industry generally, a 50 per cent price increase.

For yarns, used largely in hosiery and underwear, the price increase will range from 40 to 60 per cent.

For denims, used largely in work clothing and particularly for overalls, a price increase of 38 per cent.

For chambrays, also used for work clothing and children's low-priced garments, a price increase of 32 per cent.

For bed sheetings, an increase of 31 per cent.

For voiles, lawns, and other fine cotton goods, an increase ranging from 25 to 35 per cent.

It is clearly evident from these figures that this sales tax will range from 30 to 60 per cent on the mill price of fabrics most necessary for the simplest wearing apparel for men and women and home consumption. Obviously, this will directly and substantially increase the cost of living for the average wage earner.

In this connection it should be borne in mind that the cotton textile industry is to-day the largest manufacturing business in the country, from the standpoint of the number of workers employed, and any further slowing down therein would have a most disastrous effect on general conditions.

I have spoken only of the evils in this measure as seen from the standpoint of the textile-manufacturing industry, but innumerable valid points of attack exist. They have been and will be made by others.

[Here the gavel fell.]

The CHAIRMAN (Mr. WARREN). The question is on the adoption of the amendment offered by the gentleman from Kansas.

The amendment was rejected.

Mr. JONES. Mr. Chairman, I offer a perfecting amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES: Page 4, line 18, after the word "domestic," insert "tonnage of"; page 5, line 5, after the word "domestic" insert "tonnage of."

The amendment was agreed to.

Mr. McGUGIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MCGUGIN: Section 4, subsection 3, page 5, strike out all of subsection 3, the same being from lines 1 to 7, inclusive.

The amendment was rejected.

The Clerk read as follows:

FACE VALUE OF CERTIFICATES

SEC. 5. The face value of any adjustment certificates per unit of any commodity covered thereby shall be equal to the fair exchange allowance per like unit of the commodity in effect with respect to such commodity at the time of its marketing, less a pro rata share of administrative expenses as estimated by the Secretary of Agriculture; except that in case of hogs marketed during the initial marketing period for hogs the face value of the certificate shall be 1 cent per pound of hogs covered thereby.

Mr. JONES. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. JONES: Page 5, line 19, strike out the semicolon and down through the word "thereby," in line 22.

Mr. JONES. Mr. Chairman, this is just a corrective amendment to make the bill conform with the other provisions.

I ask unanimous consent that all debate on this section and all amendments thereto close in five minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. TAYLOR of Tennessee. Mr. Chairman, I move to strike out the last word.

I offer this pro forma amendment in order to ask the chairman of the committee a question. I have a letter from a miller in my district who asked me this question, which I wish to submit to the chairman:

The farmers in this vicinity bring wheat to this mill and store it for flour. We give some due bills showing how much wheat they stored and the amount of flour. To others we give metal checks, each check good for 50 pounds of flour. Would we have to pay the tax on wheat already stored if this bill becomes law?

Mr. JONES. They would not pay until the wheat was processed. When it is processed, the tax would have to be paid within 60 days.

Mr. TAYLOR of Tennessee. Some of this wheat has already been processed.

Mr. JONES. There is a floor tax, which is a separate matter, and under that section provision is made for a tax on floor stocks; and then when the bill becomes inoperative, there is a return of any tax that may have been collected, and one neutralizes the other.

Mr. TAYLOR of Tennessee. This man is seeking this information in order to make his readjustment before the bill goes into effect.

Mr. JONES. There would be no additional cost, because it neutralizes itself. However, he would pay when the commodity is processed and pass it on.

Mr. TAYLOR of Tennessee. I thank the chairman of the committee for the information.

The CHAIRMAN. The question is on the committee amendment offered by the gentleman from Texas.

The committee amendment was agreed to.

The Clerk read as follows:

REDEMPTION OF ADJUSTMENT CERTIFICATES

SEC. 7. (a) Each adjustment certificate shall be issued in two parts, each to be at one-half the face value of the certificate. Title to either part of an adjustment certificate shall be transferable by delivery. One part of an adjustment certificate may be presented by the bearer for redemption at any time during the year commencing one month after the date of issuance thereof, and the other part may be presented by the bearer for redemption at any time during the second six months of such year. Certificates shall be accepted for redemption at the United States Treasury or at such fiscal agencies of the United States as the Secretary of the Treasury shall designate.

(b) The action of any officer, employee, or agent in issuing and fixing the value of any adjustment certificate and in redeeming such certificate shall not be subject to review by any court or by any officer of the Government other than the Secretary of Agriculture.

Mr. TABER. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. TABER. Mr. Chairman, I make a point of order against the language beginning on page 6, line 18, reading as follows:

Certificates shall be accepted for redemption at the United States Treasury or at such fiscal agencies of the United States as the Secretary of the Treasury shall designate.

I make a point of order that this is an appropriation on a bill which is reported by a committee not having jurisdiction to report appropriations and that it violates the provisions of clause 4 of Rule XXI of the House.

The language in question is this:

Certificates shall be accepted for redemption at the United States Treasury.

This can not mean anything except that certificates shall be paid at the United States Treasury, and this means that the money for this purpose, by this language and by this act, is appropriated. The Committee on Agriculture has no jurisdiction to report appropriations, and therefore this provision is violative of this clause of the rule.

The CHAIRMAN (Mr. WARREN). The Chair is prepared to rule.

The Chair does not think that a method providing for the redemption of certificates could be construed as an appro-

priation, nor does the Chair think the language comes within the restrictions provided in Rule XXI, clause 4, and therefore overrules the point of order.

Mr. JOHNSON of Texas. Mr. Chairman, this bill is a temporary emergency-relief measure for agriculture. If it becomes a law it will be effective for one year only, unless the President should, by proclamation, extend its operation for an additional year. If it is a failure there will be no affirmative legislation required to repeal it; if it is a success and the need still exists the President can and would doubtless extend it for another year.

This feature of the bill is pleasing to me. In consideration of all other farm relief legislation since I have been a Member of the House, I have sought unsuccessfully to have an amendment invoking a time limit upon the life of the bill, realizing that all of these measures are strictly experimental.

Some of those opposing the bill apparently have overlooked this feature, and from their arguments assume that we are enacting permanent legislation. Opponents of the bill tell us that we are violating all precedents in its passage, and so we are; but no greater violation of precedent than when Congress passed the act creating the Reconstruction Finance Corporation, by which a fund of more than $2,000,000,000 was created for loans to banks, railroads, life insurance companies, and other corporations. I did not vote for this bill, but those who did justified their position on the ground that the distressed conditions demanded emergency legislation. If precedent can be violated in behalf of big business, why not in behalf of the farmers of America?

In the debate this afternoon one of the opponents of the bill stated that he might be favorable to it if conditions were normal. It is because conditions are not normal that I am supporting it; and I question whether a measure like this would have my support if it were not for the distressed condition in which agriculture finds itself at this time.

It is not alone for agriculture but for the economic conditions generally that this legislation should be passed.

There will be no relief from the awful economic depression, which now hangs like a pall over our country, until the prices of agricultural products are materially increased. The truth of that statement will not be challenged. Even those who live in the industrial centers, far removed from the great farming regions of America, should know that until the buying power of the 40,000,000 of our citizens who are directly dependent upon agriculture is restored the factories will remain idle, the railroads will continue to borrow money from the Government with which to operate, and the 12,000,000 of unemployed will continue to walk our streets and be dependent upon National, State, municipal, and private charity. The very moment that the price of farm products is increased there will be a change for the better. These 40,000,000 will begin to pay their debts and to buy the clothing and other necessities of life which they have had to deny themselves for so long, and the increased millions which the farmers receive for their products will immediately enter the channels of trade, and the "better day" which we have so long devoutly sought will be ours.

Governmental efforts thus far to alleviate conditions have, in my judgment, been improperly directed. Conditions have grown worse instead of better. Loaning money to the banks, the railroads, the life-insurance companies, and even to individuals will not avail. It is not a question of credit. There has been too much of that already. Creating work for the unemployed by Government funds will not suffice. Boosting the stock market so that the gamblers will again indulge in buying and selling stocks and bonds will not bring back prosperity. The one indispensable thing that must be done is to restore the buying power of the people, and that can only be accomplished by increasing the commodity prices of farm products.

Inflation of the currency, either by reducing the gold content of the dollar or by the use of more silver as money, is going to be required as a fundamental cure for our depression. Personally, I prefer the remonetization of silver, but I shall not discuss that question here.

But pending the passage of permanent legislation of a fundamental character, it is highly necessary that something be done immediately for agriculture to increase commodity prices, and that is the one purpose of the domestic-allotment plan as set forth in this bill.

Farm prices are now at the lowest level within our history. The farm price index on December 15 last was at 52 per cent of pre-war prices, a drop of 2 per cent over the index the month previous and lower than the low point of last June. This means that prices for all farm products average to-day just about half what they were before the World War. Since the pre-war period wheat has suffered a loss of approximately 65 per cent of its purchasing power, cotton 53 per cent of its purchasing power, tobacco 19 per cent of its purchasing power, and hogs 59 per cent of their purchasing power. On the other hand, taxes on agricultural lands have since the pre-war period increased approximately 150 per cent and farm indebtedness has increased approximately a like percentage. Agricultural freight rates are more than 50 per cent in excess of pre-war freight rates.

Since we produce an exportable surplus of cotton, wheat, and several other farm commodities, a tariff upon agricultural products has proved ineffective, yet the farmer has been compelled to pay tariff rates on nearly all industrial articles which he buys, and while the price of farm products has decreased 48 per cent since 1914, when the World War began, the price of industrial articles bought by the farmer has increased about 58 per cent during the same period. Thus the farmer's dollar has less than half its pre-war value.

OBJECTS OF THE BILL

Its sole purpose is to increase the prices of cotton, wheat, tobacco, hogs, rice, and dairy products, which constitute the bulk of agricultural commodities, and if these are increased, the prices of other farm products will naturally be stimulated, and the bill is designed to increase the prices of these products so that the farmer who raises them, when he sells them, will receive a price sufficiently high so that the purchasing power of the price received will be equivalent to their pre-war purchasing power.

The base period upon which the increased prices shall be computed are the prices these commodities brought between September, 1909, and August, 1914. In other words, the 5-year period immediately preceding the outbreak of the World War.

The increase in price of these commodities will be confined only to that portion of these agricultural products that are domestically consumed, and not to that portion exported to other countries—hence the term "domestic allotment." It is thought impracticable to increase the price of commodities exported to other countries, for this would retard their sale and lessen our commerce with other countries. Again, we can require by law our own people to pay increased prices for products consumed here, but we have no power to require those living in other lands to do so. The increased prices in the domestic market will tend to place the farmer on a parity with respect to exchange values of the commodities produced.

HOW THE BILL WORKS

The farmers who receive the benefits under the bill will not be required to join or make a contract with any organization. The contract with the farmer will be directly between the farmer and the Federal Government. There will be no coercion. No farmer will be affected by this bill unless he desires to be, and unless he shall voluntarily enter into a contract with the Federal Government to reduce his acreage 20 per cent, and when he does so, he will be eligible to participate in the benefits to be derived from the bill. As to hogs, the agreement will be to reduce his tonnage of hogs 20 per cent. The 20 per cent reduction is thought will eliminate the evil of overproduction. If the President should extend the bill for another year, the Secretary of Agriculture is empowered to lower or increase the requirement as to acreage reduction, as the then existing conditions may in his judgment demand.

It is not intended that the production of the commodities named should be reduced to a purely domestic basis, but that reduction should be had until the abnormal surpluses that have been accumulated during these unusual times shall have become absorbed or reduced to a normal amount.

In connection with acreage reduction it is required that land representing reductions shall not be utilized for the production of any commodity of which, in the opinion of the Secretary of Agriculture, there is normally produced or is likely to be produced an exportable surplus. This provision is intended to give protection against overproduction of other commodities not covered by the bill.

The farmer desiring to receive the increased prices under this bill enters into a contract with the Federal Government to reduce his acreage 20 per cent. Using cotton as an illustration, when it is marketed he sells it in the usual way and receives the market price therefor from the buyer. In addition to the cash price that the buyer pays him, upon satisfactory showing to the Government representative that he has reduced his acreage, then the farmer is given by the Federal Government certificates covering the increased price that he should receive, the certificate being issued in two parts, one of which is payable within one month after issuance and the other at any time within six months thereafter.

The face value of these certificates will be the difference between the market price and the increased price fixed by the Secretary of Agriculture.

WHAT THE INCREASED PRICE WILL BE

The Secretary of Agriculture will determine from available statistics what proportion of cotton, wheat, hogs, and so forth, will be required for domestic consumption, and that portion of each commodity to be used in domestic consumption will be subject to the increased price. Take cotton—ordinarily about 60 per cent of the crop is exported, and the increased price will therefore apply to 40 per cent of the crop produced. Then the Secretary of Agriculture will determine the amount of money a pound of cotton should bring at the present time in order to have the same purchasing power in terms of commodities which the farmer could buy with a pound of cotton during the period from 1909 to 1914, and that figure will be the fair exchange value for cotton. This fair exchange value will vary from time to time as the commodity price indexes move up and down, but after a fair exchange value is determined by the Secretary of Agriculture it shall continue in effect until a new proclamation is issued.

To illustrate, if the Secretary of Agriculture should determine that the present fair exchange value of a pound of cotton was 12 cents, and if the market price at that time was 6 cents—the difference being 6 cents a pound—then the adjustment certificate which the farmer would receive from the Government would be 2.40 cents a pound.

If all cotton were domestically consumed the farmer would get a certificate for the full 6 cents; but since 60 per cent of cotton is exported, the certificate would be for only 40 per cent of this difference in value, and the farmer would therefore, under such contingency, receive a certificate for 2.40 cents a pound, or $12 a bale.

HOW THE GOVERNMENT IS REIMBURSED

These increased prices paid to producers upon the certificates the Government will collect from the processors of these commodities by what is called adjustment charges. Exemption from the payment of processing or adjustment charges is provided for those products a farmer uses for his family consumption, and also in the case of a producer of hogs whose quantity sales are not in excess of $250 during the year.

While these adjustment charges collected by the Government from the processing of commodities will be passed on to the consumers, yet the increase in prices that the consumers will have to pay, it is not thought will be large. They will in no event represent more than the difference between the prevailing local market price and the pre-war or fair exchange value of the commodity, and the burden of paying by the consumer will be scattered throughout the entire population of the Nation who buy these commodities.

The retail price of the products should not be greatly advanced to the consumer. To illustrate, since 1929 the price of bread has declined by only 25 per cent, whereas the price of wheat has declined 68 per cent. In 1913 bread prices were about the same as now, but wheat was more than twice as high. In cotton and cotton goods, economists estimate that doubling the present price of cotton would increase the price of voile, which now sells for 7 cents a yard, by half a cent, and the price of a cotton shirt, which now sells for a dollar, by 2 cents.

WILL THE EXPERIMENT WORK?

Political economists who have worked out this bill say that it is sound and that it will work. I do not know, and neither does anyone else know for certain, what it will do, but with cotton selling at 5 cents a pound and wheat at 30 cents a bushel, and the farmers unable to pay their taxes and buy even the bare necessities of life, I am willing to vote to give it a trial for one year.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section close in five minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. SNELL. Mr. Chairman, I move to strike out the last word. There seems to be considerable difference of opinion as to what this language means in lines 18 to 21:

> Certificates shall be accepted for redemption at the United States Treasury or at such fiscal agencies of the United States as the Secretary of the Treasury shall designate.

That would seem to me to mean that if you carried one of these certificates to the United States Treasury you would get your money for it. The interpretation that the Chair put on it was that it merely means the way they will be paid. I would like to ask the chairman of the committee just exactly what that language means?

Mr. JONES. In the latter part of the bill provision is made for an appropriation for these certificates. It was the intention to have redemption depend on the money being made available for that purpose.

Mr. SNELL. That means that if a man presents a certificate, if there is any money there, he will be paid, but if there is not he will take it home.

Mr. JONES. If there is any money there, he can get it. I think there will be money if the necessary appropriation is made for the purpose of carrying out the provisions of the bill.

Mr. SNELL. If the appropriation is not made, they will get no money for the certificate?

Mr. JONES. If the appropriation has been made for carrying out the provisions of the bill, the holder of the certificate is going to be paid.

Mr. SNELL. The point is if we appropriate the money, the money will be there for the certificates regardless of the processing.

Mr. JONES. We may get more money than is needed.

Mr. SNELL. But if the money is not there, you do not get it?

Mr. JONES. You get it if the appropriation is made.

Mr. SNELL. The appropriation does not come from the processing provided in the bill.

Mr. JONES. I will say that there was some question about earmarking the fund in the Treasury, but, as I say, it will depend on the appropriation as the bill is written.

Mr. SNELL. Then the appropriation must be made?

Mr. JONES. A good many thought if we undertook to earmark the receipts and designate how they should go out, we might run into legal difficulties, and we decided to provide that the receipts should go into the general funds in the Treasury and to authorize the appropriation of a similar amount from the Treasury without earmarking the receipt from adjustment charges.

Mr. SNELL. And there is nothing definite in the language itself unless the appropriation is made and might be left out of the bill.

Mr. JONES. That is right. I assume, of course, that no Congress would refuse the appropriations essential to paying these certificates.

Mr. STAFFORD. Mr. Chairman, paragraph (b) seemingly places a ban on any citizen of the country exercising his right in the courts to determine the constitutionality of any of the provisions of this bill. What is the real purpose of that inhibition?

Mr. JONES. The real purpose was to keep a lot of things from going into the courts on these small certificates. It would simplify matters if when the Secretary of Agriculture determined the amount that that would be the end of it. It was suggested to avoid a practical difficulty.

Mr. STAFFORD. Then it is not sought to forbid any citizen going into the courts to determine the constitutionality of any of the provisions of this act?

Mr. JONES. Oh, there was no such purpose.

The Clerk read as follows:

ACREAGE CONTROL

SEC. 8. (a) Nothing in this act shall be construed as affecting or controlling in any way the freedom of any producer to produce and sell as much as he wishes of any commodity; except that the issuance of adjustment certificates shall be subject to the following conditions and limitations:

(1) No adjustment certificates shall be issued in respect of wheat, cotton, or tobacco of any producer marketed during the 1933–34 marketing year for the commodity, unless the producer's acreage of wheat, cotton, or tobacco of 1933 production is 20 per cent less than his average acreage for such preceding period as the Secretary deems representative of normal production conditions in the area; but this paragraph shall not apply to acreage planted to wheat in the fall of 1932.

(2) No adjustment certificate shall be issued in respect of any lot of hogs of any producer marketed during the initial marketing period for hogs unless the producer's tonnage of hogs for market during such period is or will be 20 per cent less than his average tonnage for the same period during such preceding year or years as the Secretary of Agriculture deems representative of normal hog-production conditions in the area.

(3) No adjustment certificates shall be issued in respect of hogs of any producer marketed during the 1933–34 marketing year for hogs, unless the producer's tonnage of hogs for market during such year is or will be 20 per cent less than his average tonnage for such preceding period as the Secretary of Agriculture deems representative of normal hog-production conditions in the area, nor unless his acreage of corn, if any, of 1933 production is 20 per cent less than his average acreage for such preceding period as the Secretary deems representative of normal production conditions in the area.

(4) In the event that this act is, by proclamation of the President made pursuant to section 28, extended for an additional year with respect to wheat, cotton, tobacco, or hogs, no adjustment certificate shall be issued to any producer in respect of such commodity marketed by him during the 1934–35 marketing year for the commodity, unless the producer's acreage, in case of wheat, cotton, or tobacco, or in case of hogs, his acreage of corn, if any, and his tonnage of hogs, has been reduced in such amount as the Secretary of Agriculture has found necessary in order to prevent abnormal surpluses or carry-overs in the commodity.

(5) No adjustment certificates shall be issued in respect of wheat, cotton, or tobacco in any case where reduction of acreage is required by this act, if the land representing such reduction is utilized, during the year in respect of which such reduction occurs, for the production of any commodity of which, in the opinion of the Secretary, there is normally produced or is likely to be produced an exportable surplus. It shall be the duty of the Secretary of Agriculture to determine and make public the commodities that may be produced in various regions upon land representing acreage reductions under this act without violating the requirements of this paragraph.

(b) The Secretary of Agriculture shall by regulation provide for the application of the provisions of this section with respect to producers not engaged in the production of the commodity prior to the particular year, with respect to crop rotation, and with respect to changes in the amount of acreage under cultivation by the producer.

Mr. JONES. Mr. Chairman, I offer the following committee amendment, which I send to the desk.

The Clerk read as follows:

Committee amendment offered by Mr. JONES: Page 7, line 22, strike out, beginning with the word "average," down through line 25, and insert in lieu thereof the following: "tonnage for the same period during the preceding year"; and on page 8, line 5, beginning with the word "average," strike out down through the word "area," in line 7, and insert in lieu thereof the following: "tonnage for the preceding year."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. GLOVER. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. GLOVER: Page 7, lines 10 and 12, in each line, after the word "wheat," insert a comma and the word "rice."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Arkansas.

The amendment was agreed to.

Mr. GLOVER. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. GLOVER: Page 8, lines 14, 18, and 25, in each such line after the word "wheat," insert a comma and the word "rice."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas.

The amendment was agreed to.

Mr. COX. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. COX: Page 7, lines 10 and 12, in each such line, after the word "cotton," insert a comma and the word "peanuts," and on page 8, lines 14, 18, and 25, in each such line, after the word "cotton," insert a comma and the word "peanuts."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Georgia.

The amendment was agreed to.

Mr. ANDRESEN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. ANDRESEN: Page 8, line 25, after the comma following the word "cotton," insert the word "hogs."

Mr. ANDRESEN. Mr. Chairman, possibly this amendment needs a little explanation. At the present time section 5 provides for the use of the reduced acreage of wheat, cotton, and tobacco. It makes no provision for a reduced 20 per cent of corn acreage as a result of the hog provisions in the other parts of the bill. Section 5 provides that the producers of wheat, cotton, and tobacco can not use their 20 per cent reduced acreage in the production of other crops that might go to make up an exportable surplus of any other agricultural commodity. There is no provision in this bill to take care of the reduced corn acreage. The only way that you can reach that reduced corn acreage is through hogs. The word "hogs" has been eliminated from this provision. The dairy farmers desire to have hogs included in this section so that the reduced corn acreage will not be put into the production of dairy products or any other products that might make up a surplus.

Mr. BURTNESS. Mr. Chairman, will the gentleman yield?

It seems to me the suggestion of the gentleman is very fair indeed in so far as the dairy interests are concerned, provided the gentleman will carry out the assurance that he made on the floor yesterday, which has not yet been carried out, to the effect that dairy products shall also be reduced if they are to participate in the domestic-allotment surplus. If I understand the gentleman's amendment, coupled with the other amendments he submitted, he says in effect, "We are going along to get this allotment price, and for the first year there is to be no limitation on the production of dairy products. We will continue for a year without limitation; but to you who reduce wheat or hogs or corn, you must not enter into the dairy field."

How does the gentleman justify the fairness of that sort of a position?

Mr. ANDRESEN. I know that the gentleman has followed the amendments very carefully. An amendment has already been adopted which provides that 20 per cent of the production of dairy products can not be sold or receive the benefits of the adjustment certificates.

Mr. BURTNESS. That is correct; but 80 per cent of them will, regardless of whether the total sale is 100, 150, or 200 per cent of what it was the year before. You are putting no limitation on the production, and all you

are saying is, "We will pay the certificate on only 80 per cent"; but the producer may increase his production 200 per cent.

Mr. ANDRESEN. The gentleman is mistaken on that.

Mr. BOILEAU. Will the gentleman yield?

Mr. ANDRESEN. I yield.

Mr. BOILEAU. I can not see any reason why we should reduce the amount of production of butterfat when there is no surplus. If we were to reduce the amount of butterfat production, our farmers would go into the production of other commodities. Why should we do that when there is no necessity for it?

Mr. WILLIAM E. HULL. Will the gentleman yield?

Mr. ANDRESEN. I yield.

Mr. WILLIAM E. HULL. If you should reduce hogs 20 per cent, that would take off 20 per cent of the corn which they eat.

Mr. ANDRESEN. Naturally.

Mr. WILLIAM E. HULL. And if you take off 20 per cent more for the corn reduction, it would reduce corn 40 per cent, would it not?

Mr. ANDRESEN. No; because the hog farmer is only required to reduce his corn acreage 20 per cent, and he would reduce his poundage of hogs 20 per cent. There is a double penalty for the hog farmer.

Mr. WILLIAM. E. HULL. In other words, you make a penalty on the raiser of hogs and corn of 40 per cent?

Mr. ANDRESEN. No. It provides that the hog farmer and the corn farmer can not go into the production of other agricultural products, of which there may be an exportable surplus.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

The question is on the adoption of the amendment offered by the gentleman from Minnesota [Mr. ANDRESEN].

The amendment was agreed to.

Mr. ANDRESEN. Mr. Chairman, I offer a further amendment, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. ANDRESEN: Page 9, line 6, strike out the period and insert in lieu thereof a comma and the following: "nor in case the producer during that part of the initial period or the then current marketing year for the commodity, as the case may be, which has elapsed, has increased his production of milk or milk products for sale over his production thereof for sale for the same period during the preceding year."

Mr. ANDRESEN. Mr. Chairman, this is an effort to restrict the production of dairy products. It provides that if a farmer should produce a certain amount of butterfat in January of this year, in January of next year he will not receive the benefits of the act if he produces more dairy products or butterfat during that time, thereby limiting the production.

Mr. BURTNESS. Will the gentleman yield?

Mr. ANDRESEN. I yield.

Mr. BURTNESS. But, as indicated in the former questions, at least you are not attempting to reduce any production in order to qualify for the adjusted certificate?

Mr. ANDRESEN. We are trying to hold the production of dairy products down to domestic consumption, and not place the dairy industry on an exportable basis, and we hope to do that.

Mr. BURTNESS. So that is the reason why the dairy industry, in the view of the gentleman, is entitled to a special set-up and a different type of consideration from the limitations imposed upon the hog producer, the wheat producer, and the cotton producer?

Mr. ANDRESEN. Not at all. If we would follow the gentleman from North Dakota [Mr. BURTNESS] and reduce the dairy production to the amount to which the gentleman wants it reduced, we would see that the price of dairy products would go sky-high in this country, and people generally would suffer.

Mr. JONES. Will the gentleman yield?

Mr. ANDRESEN. I yield.

Mr. JONES. It seems to me the gentleman is making the wheat and cotton and other producers knuckle a great deal here. The gentleman is requiring them to reduce their production but does not require the dairyman to reduce his.

Mr. ANDRESEN. The chairman realizes that the other commodities to which he has referred are surplus commodities. We do not concede that the dairy business is a surplus industry yet.

Mr. JONES. I think the gentleman has gone pretty far on the other amendment. If you permit the regular dairyman to get his benefits without any limitation at all on his production, and yet you make wheat and cotton knuckle, it looks to me——

Mr. BURTNESS. If the gentleman will yield, this must be borne in mind, that at least the amendment which the gentleman from Minnesota proposes now is some little consideration and protection against the increase of production, and, of course, those of us who feel that the dairy interests are insisting upon special treatment say we must at least put in the limitation which the gentleman from Minnesota [Mr. ANDRESEN] now suggests, because otherwise there is no limitation in the bill.

Mr. JONES. Why not add to that limitation that no one who produces dairy products, who increases his production, should get the benefits? The man who produces cotton or wheat or hogs must not increase his production even on dairy products if he is to get a certificate, and the man who is in the dairy business can increase without handicapping himself. That seems not quite fair.

Mr. ANDRESEN. We are seeking to hold the dairy farmer down to normal domestic production.

Mr. JONES. The gentleman does not refuse to permit him to increase during the first year, does he?

Mr. ANDRESEN. During the first year; no.

Mr. JONES. It seems to me that in a matter of this kind it should apply all along the line. Let it apply not only to the wheat and the cotton farmers but let it apply to the dairy farmers as well. Does not the gentleman think that is right?

Mr. ANDRESEN. I have no objection to that.

Mr. JONES. If the gentleman will do that I am satisfied.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota.

The amendment was agreed to.

Mr. ANDRESEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ANDRESEN: Page 9, after line 10, insert the following:

"(6) In the event this act is by proclamation of the President made pursuant to section 28, extended for an additional year with respect to butterfat no producer who produces for sale more butterfat during any month in the 1934–35 marketing year than was produced for sale by him during the corresponding month of the preceding marketing year shall receive any adjustment certificate under this act for such month, and no new producer in the marketing year 1934–35 shall receive any adjustment certificate for any month in such marketing year in which there is an exportable surplus of butterfat."

Mr. ANDRESEN. Mr. Chairman, the purpose of this amendment——

Mr. RAMSEYER. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN. I yield.

Mr. RAMSEYER. Do I understand the amendment to mean that no new producer who comes in that year—that is, no young fellow just starting out to farm—who has a few cows, can get any adjustment certificate?

Mr. ANDRESEN. That is not my point.

Mr. RAMSEYER. But that is the real nature of the amendment.

Mr. ANDRESEN. This goes along the theory adopted on the other commodities.

Mr. RAMSEYER. In my own State of Iowa, as well as in the gentleman's State, young fellows are starting out to farm every year. They raise corn; they raise hogs; they engage in dairying. According to this amendment, young fellows starting in to farming this spring in Iowa or Minnesota having a few cows can not come in under the advantages of this bill.

Mr. ANDRESEN. If the same farm produced dairy products——

Mr. RAMSEYER. But the amendment does not state that; it does not state that; it does not limit it to farms producing dairy products in the prior years. There might be some sense to it if it were limited to farms. In a few minutes I shall call attention to a provision here in this bill to take care of new producers of cotton and wheat. You take care of the beginner in cotton and wheat but you do not take care of the new hog producer, and now you are trying to shut out the young dairy producer.

Mr. ANDRESEN. No; we are not.

Mr. RAMSEYER. Yes; you are. Now, hold on; let us settle this.

Mr. ANDRESEN. Do it in your own time, then.

Mr. RAMSEYER. No; the gentleman is in charge of the amendment; it is the gentleman's business to defend it.

Mr. ANDRESEN. As soon as I can get time to speak on the amendment, if the gentleman will permit, I shall be pleased to explain.

Mr. RAMSEYER. I have asked the gentleman a question; let him answer it.

Mr. ANDRESEN. I will say that the new dairy producer might have difficulty in getting into the production of dairy products and in getting the benefit of this act if we are producing an exportable surplus of dairy products, unless the Secretary of Agriculture should issue regulations permitting him to come in, which is provided for generally throughout the bill with reference to other commodities.

Mr. RAMSEYER. In what way is it provided for?

Mr. ANDRESEN. I can not give the gentleman the section number.

Mr. RAMSEYER. I will tell the gentleman where he thinks it is provided for. He thinks it is provided for in paragraph (b), page 9, and that is limited to acreage and does not include hogs or dairy products.

Mr. ANDRESEN. As I say, any new dairy producers can come under the benefits of this act so long as we do not produce an exportable surplus of dairy products. Even if they do not come under the act they will get a higher price for their dairy products.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN. I yield.

Mr. HOPE. Why is not the gentleman satisfied, as far as dairy products are concerned, with the provisions of subsection (b) which provides that the Secretary of Agriculture shall by regulation determine whether one who is not engaged in producing a commodity in the preceding year shall come under the benefits of the act?

Mr. ANDRESEN. Here we have a commodity of which we do not produce an exportable surplus. We want to keep it on a domestic basis, and I think in view of that fact this amendment should be adopted so that the dairy business as a business can be confined to the borders of the United States without having to be put on a world-wide price.

[Here the gavel fell.]

Mr. RAMSEYER. Mr. Chairman, I rise in opposition to the amendment; and I want the attention especially of the gentleman from Minnesota and also the gentleman from Kansas, and, if I may, of the chairman of the committee.

I wish to call attention to paragraph (b), on page 9, which undertakes to give the Secretary of Agriculture certain powers. It reads as follows:

> The Secretary of Agriculture shall by regulation provide for the application of the provisions of this section with respect to producers not engaged in the production of the commodity prior to the particular year.

Now, if you quit there, you might include hogs and you might include dairy products; but what I have just read is qualified by these phrases: He may issue regulations "with respect to crop rotation and with respect to changes in the amount of acreage under cultivation by the producer."

Let us take the case of cotton: A young fellow in the South decides to go into the agricultural business and he is going to plant cotton. The Secretary of Agriculture can by regulation say that he will let the beginner in cotton production in, provided he does not put in over 10 acres, 12 acres, or 15 acres. The same applies to the beginning rice producers and to the wheat producers; but the young fellow in Iowa, Minnesota, or Kansas who is starting out to farm and wants to raise hogs, who did not raise any the year before, can not be brought under the provisions of this act by the regulations issued by the Secretary of Agriculture, not at all, because the regulations issued by the Secretary of Agriculture must be limited to crop rotation and to changes in the amount of acreage under cultivation by the producer.

I hope if the committee desires to give the Secretary power to issue regulations to the benefit of the new producers that they will strike out everything in the paragraph after the word "herein," in line 14.

Mr. JONES. Does not the provision as it is cover hogs?

Mr. RAMSEYER. No; it covers only with respect to crop rotation.

Mr. JONES. The language is, "With respect to producers not engaged in the production of the commodity prior to the particular year."

Mr. RAMSEYER. Yes; but with respect to what? With respect to crop rotation he can issue regulations for fellows who were not engaged during the preceding year.

Mr. JONES. I think it was intended the word "and" should be put in that line.

Mr. RAMSEYER. I do not think that was intended because you have another "and" farther along.

Mr. JONES. I think it would clarify the matter to strike out all of the paragraph after the word "year" in line 14.

Mr. RAMSEYER. I think that should be done. The gentleman from Minnesota [Mr. ANDRESEN], however, has in his amendment a provision which absolutely prohibits the young fellow from going into the dairy business.

Mr. McGUGIN. Will the gentleman yield?

Mr. RAMSEYER. I yield.

Mr. McGUGIN. Even if we strike that out, we are passing legislation here whereby a young man can not engage in the business of agriculture, or if unemployed, can not go back to the farm without obtaining a certificate of permission from the Secretary of Agriculture; is not that right?

Mr. RAMSEYER. The gentleman is correct.

Mr. JONES. Oh, yes; he can, but he simply does not get the benefits of the act. It does not keep anybody from going into any business.

Mr. RAMSEYER. But they can not go into the business and get the benefits of this act.

Mr. JONES. The gentleman from Kansas [Mr. McGUGIN] says there are not any benefits.

Mr. RAMSEYER. Of course, I knew what the gentleman from Kansas meant.

Mr. ANDRESEN. Will the gentleman yield?

Mr. RAMSEYER. I yield to the gentleman.

Mr. ANDRESEN. The last part of my amendment provides that no new producer in the marketing year 1934–35 shall receive any adjustment certificate for any months in such marketing year in which there is an exportable surplus of butterfat. We do not have an exportable surplus, so he could not be kept out.

Mr. RAMSEYER. But you keep the young man out of the dairy business by the wording of your amendment. It should be defeated.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota.

The question was taken; and there were on a division (demanded by Mr. ANDRESEN)—ayes 25, noes 39.

So the amendment was rejected.

Mr. BARTON. Mr. Chairman, I offer an amendment.

Mr. JONES. Mr. Chairman, I wonder if we can not get an agreement about debate on this section.

I ask unanimous consent that all debate on this section and all amendments thereto close in 15 minutes.

Mr. McGUGIN. Mr. Chairman, let me call the chairman's attention to the fact that there has not been a single amendment considered to this section except committee

perfecting amendments. Are not the Members to have the right to offer amendments to this section?

Mr. BURTNESS. Mr. Chairman, reserving the right to object, I know of at least two very important amendments—one I am going to propose myself—that will deserve debate.

Mr. JONES. Does not the gentleman realize that if we do not agree upon some limitation we will not get through with the bill in a reasonable time?

Mr. BURTNESS. We have been trying to enact farm-relief legislation for 10 years, and this is a very important proposition. So far as I am concerned, I am willing to stay here until midnight in order to pass the bill.

Mr. JONES. I will change it to 20 minutes, and ask unanimous consent that debate close in 20 minutes.

Mr. McGUGIN. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. BARTON: On page 7, line 7, after the word "commodity," strike out the remainder of the section down to and including all of line 16, on page 9.

Mr. BARTON. Mr. Chairman, I am satisfied that the idea of reducing farm production 20 per cent is sold to this House, and therefore mine is a voice crying in the wilderness. But I think my amendment to strike out this feature has merit, and I therefore present it with confidence.

I am convinced as to the soundness of the declaration made by the gentleman from Kansas [Mr. McGUGIN] and reiterated by the gentleman from Illinois [Mr. HULL], that if we reduce the production of pork and butterfat we will also reduce consumption of corn and other feeds in like proportion.

I am also convinced that if we reduce the production of pork and butterfat, wheat and cotton, and the other crops covered by this bill, it will reduce the amount of labor required in their production. It might be said these laborers could produce something else. Possibly so, but that would be hunting another job, less profitable or less desirable than their present occupation, else they would change voluntarily. A more probable result would be that they would join the army of unemployed now walking the streets and highways of this country in search of work.

Again, if this bill accomplishes that for which it is intended it will secure for the farmer an increased price for that part, and only that part, of these products consumed in this country. On page 5 of the committee report we have this language:

It is not intended that the production of the commodities named should be reduced to a purely domestic basis—

Then there is to continue an exportable surplus; and if we reduce our production, its only effect will be to lessen the amount to be sold abroad. If we reduce our exports, it will stimulate production in foreign countries in like proportion and permanently retire us to that extent from the foreign market. I can see no advantage in that course. I give all honor to the man who can, within reason, produce in America and sell abroad.

This bill at best presents many difficulties in administration. The most complicated, difficult, and expensive of these is the provision now under consideration. It requires an army of inspectors to check up the farmers and ascertain who had and who had not reduced production to the required extent. The provision is most objectionable and does no good. If the law will work at all, it will work much better without it than with it. I therefore say, let us strike it out.

As to the general object and purpose of this bill, it has undoubted merit. The farmer is prostrate and his condition has dragged down his city brother until he, too, is but little better off.

The farmer did not get into his present desperate condition in a day, a week, or a year. For a long time, at least since shortly after the great war, he has been going down and down. Illustrating this fact, I want to quote some figures from the Agricultural Situation, a publication issued monthly by the Bureau of Agricultural Economics of our Agricultural Department. On page 21 of the issue dated December 1, 1932, for the purpose of comparison, it takes the average prices received by farmers for the 5-year period 1909 to 1914 and calls that 100 per cent. In like manner it takes the average prices paid by farmers during the same period for commodities used by him in living and production and calls that 100 per cent.

Prior to the war these percentages did not get very far apart. During the war the farmer had the advantage and must have accumulated a surplus. In 1920 these ratios were again practically balanced, the farmer's dollar being then worth 99 cents. From 1921 to 1930 both went down, but not in the same proportion. During this period the average value of the farmer's dollar, measured by the commodities he had to buy, averaged slightly under 85 cents. The old problem of school days, where one pipe runs out a dollar while the other runs in 85 cents is applicable. How long did it take this process to exhaust his resources? Time has shown. He spent his war savings, sold his personal property, and then mortgaged his home. By 1929 he was prostrate, and with his exhaustion came the financial crash which has brought us to the verge of national bankruptcy. The Seventy-first Congress in 1930 attempted to mend the break by passing the Hawley-Smoot tariff bill, which had the opposite effect. Since that event the difference between farm selling and buying prices has grown by leaps and bounds. In November, 1932—the latest figures available—he was selling at 54 per cent and buying at 106 per cent of the pre-war prices, and his dollar was worth only 51 cents.

Mr. McCORMACK. Will the gentleman yield?

Mr. BARTON. I will.

Mr. McCORMACK. What effect has the Federal Farm Board had on driving down farm prices?

Mr. BARTON. If the gentleman will tell me the weight of a white elephant, I will answer his question. [Laughter.]

Mr. McCORMACK. I will put my question in another way. Has the gentleman any information whether or not, assuming that the Federal Farm Board had not been created by law—does not the gentleman think that the price level of farm commodities would be higher than it is to-day?

Mr. BARTON. I think it would.

Mr. NELSON of Missouri. Will the gentleman yield?

Mr. BARTON. I will.

Mr. NELSON of Missouri. Is it not a fact that under this bill, section 4, page 8—

In case of wheat, cotton, and tobacco; and in case of hogs his acreage of corn, if any, and his tonnage of hogs may be reduced in such amount as the Secretary of Agriculture has found necessary—

is it not true that we are giving the Secretary the power to issue an order to the farmer to reduce his output even as much as 50 per cent?

Mr. BARTON. That might be, and along the same line I can not see why the farmer should be penalized because he wants to raise something to sell abroad.

Mr. JONES. He is not penalized. He simply does not get the benefit of the bill.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. BARTON. Yes.

Mr. LaGUARDIA. Has not the gentleman answered his own question when he says that the farmer is selling at 54 and buying at 106? The farmer is buying in the domestic market and selling in the world market. We have learned that he can not sell his products in the world market and make his cost of production.

Mr. BARTON. The gentleman is unquestionably right. The farmer can not buy his supplies in a localized, monopolized, and protected market and sell his produce on the world market at world prices, as he is now compelled to do, without sooner or later winding up in bankruptcy.

The gentleman is an experienced airman and can therefore understand and appreciate a cartoon that went the rounds of the newspapers a few years ago. It represented two men jumping from an airplane. One was labeled "Prices the farmer gets"; the other, "Prices the farmer pays." The one marked "Prices the farmer gets" jumped empty handed and, of course, fell precipitately to the

ground. The other when he jumped held a parachute marked "Protective tariff." It held him in the air for a long time but ultimately he was destined to reach the earth; the level on which the farmer rested. That tells the whole story. There must be a leveling up or a leveling down, or a combination of the two. There must be substantial equality of these ratios or commerce between these two elements of our people will remain at a standstill.

Were the farmer out of debt, it would make but little difference to him whether you cut his buying prices in half or double his income, for he spends his all. But he is not out of debt and can not get out with present prices. Many outstanding farmers are now rapidly approaching bankruptcy. These must have higher prices or suffer liquidation. To industries selling to farmers, a cut of their prices in half would mean radical reduction in wages and other costs of production, a condition not to be thought of if it can be avoided. By far the most satisfactory remedy is to close the gap by raising the price the farmer gets so he can with reasonable equality trade with his city brother. On the farm he is a useful citizen and the city's best customer. Present prices will drive him from his home. Then he must either become a wanderer on the face of the earth or go to the city. In the city he is an efficient worker and a sharp competitor on the labor market. You city men, I ask, Will you drive these men into your midst? Are you ready to absorb them into your urban population and give them jobs, or must they be fed at soup houses and clothed by charity? Think seriously and long before you defeat this bill. It may not work as its friends claim, but it is at least worth trying, and I urge its enactment.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate upon this section close in 20 minutes.

The CHAIRMAN. Is there objection?

Mr. McGUGIN. Mr. Chairman, I object.

Mr. HOPE. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Missouri [Mr. BARTON]. This amendment strikes out the most important part of the bill. If this bill has any merit as a long-time program for agriculture, it is in the provision which provides that a farmer to secure its benefits must reduce his production. Of course, the bill primarily affects the producers of surplus crops, and we have a situation in this country to-day where we have on hand a supply of cotton sufficient to last this country for domestic consumption an entire year. We had a carry-over of wheat in this country last July of 363,000,000 bushels and at the rate we are exporting now unless we should have an unprecedentedly small crop in this country next year, the carry-over next July 1 will be larger than it was this year. To-day wheat is selling in Kansas for 25 cents a bushel, and that price is about 10 cents above what it would bring if we were actually selling on the basis of the world price. What hope has the producer of wheat in this country or the producer of cotton in this country of ever getting a higher price until he can reduce and control his production? I know from personal conversation with wheat producers, and I am sure the same is true of cotton producers, that they are ready and anxious to reduce their production, but no individual producer of either of these commodities can do it alone.

Unless he knows that every other producer is going to do likewise, it is foolish for him to reduce, but if he knows that other producers are going to do the same thing, then he is justified in reducing. This measure offers a sufficient inducement to the producers of surplus crops to justify them in reducing their production within the limits provided by the bill, and I am satisfied that if this bill becomes a law the producers of those surplus crops will willingly cooperate with the Secretary of Agriculture in reducing their acreage so as to come under its provisions. If that can be done, it will not be necessary to levy this tax long, because in the case of wheat, at least, we can get on the basis of domestic consumption, and the price of wheat in this country will not be made in Liverpool but will be made in the United States. There is no hope to-day for any immediate increase in the export market for wheat. Wheat exports, including flour, since July 1 have been only about 20,000,000 bushels, as compared with exports a few years ago of over 200,000,000 annually. I hope the time will come when we can get back our export wheat market, but that depends on many contingencies, most of which are beyond the control of the United States Government.

The CHAIRMAN. The time of the gentleman from Kansas has expired. All debate upon the pending amendment is exhausted. The question is on the amendment offered by the gentleman from Missouri.

The question was taken, and the amendment was rejected.

Mr. PATMAN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. PATMAN: Page 7, line 17, after the words and figures "1932," insert "*Provided further*, That an adjustment certificate shall be issued to any producer for all cotton grown by him if his 1933 production is 60 per cent less than his average acreage for such preceding period as the Secretary deems representative of normal production conditions in the area."

Mr. PATMAN. Mr. Chairman, according to this bill a cotton farmer who last year grew 100 acres of cotton will be required to reduce his acreage 20 acres for 1933 in order to get the benefit of the allotment plan. In other words, he must reduce his acreage to 80 acres. About one-half of the cotton grown in the United States is consumed in the United States. The other half, of course, is sent to other countries. There should be some inducement for a farmer to grow cotton only for the domestic market, and not grow it for the foreign market and create a surplus. If it is right that he should get the domestic price for one-half of his cotton, if he reduces his acreage 20 per cent, why should not he get the domestic price for all cotton produced and the benefit of allotment plan on all his cotton if he reduces his acreage 60 per cent or down to 40 acres? It is carrying out identically the same theory that is advanced in this bill, and is some inducement and encouragement for a man to grow cotton for the domestic market only and not grow any cotton for the foreign market, while others can grow for both markets. Understand, I do not advocate reducing our cotton production to domestic requirements, neither will this amendment cause that to be done. It will permit the small farmer to adjust his acreage in a way that will permit him to get a better price for all the cotton he grows.

The CHAIRMAN. The time of the gentleman has expired.

The question is on the amendment offered by the gentleman from Texas [Mr. PATMAN].

The amendment was rejected.

Mr. RAMSEYER. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. RAMSEYER: On page 9, line 14, after the word "year," strike out all to the end of line 16.

Mr. JONES. Mr. Chairman, I have no objection to the amendment offered.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The amendment was agreed to.

Mr. RAMSEYER. Mr. Chairman, I offer a further perfecting amendment.

The Clerk read as follows:

Amendment offered by Mr. RAMSEYER: On page 7, in line 22, after the word "is," insert the following: "but this paragraph shall not apply to a producer who does not produce for market during such initial period more than 35 hogs."

Mr. RAMSEYER. Mr. Chairman, there are some parts of this bill, if it ever becomes law, that will be very difficult to administer. The provision with regard to hogs is one of them. The provision with regard to dairy products will be more difficult. I can see how the provisions with regard to cotton and wheat can be more easily administered.

Suppose this bill becomes a law on the 3d day of March and it goes into effect the next day, all hogs marketed during the initial period—that is, from the 4th day of March to the 1st day of October, which is the beginning of the next marketing year—are, of course, on their feet. Most of them have considerable flesh on them. A large part of them will be about ready for market. The hogs to be marketed during the initial period are in the lots right now. The farmer has got the corn. He can not reduce. Then I venture to state that there is not one farmer in ten who keeps books, so that he can tell you what his tonnage was last year and can arrange his tonnage this year to be 20 per cent less.

Another thing, a great majority of farmers do not have scales. They do not know just what the hogs will weigh. Then, of course, many of them just produce a small amount. The average hog production in the Corn Belt for marketing during a year on the average-size farm is about 60. I placed the figure at 35 because from March to October is seven months, and I made it seven-twelfths of 60, or 35. Now, the man who produces more hogs is the larger farmer, and he probably keeps books. He may have scales. He can adjust himself, but the average small farmer who raises hogs will be unable to adjust himself in order to receive the benefits of this bill during the seven months up until the 1st of October, 1933.

Now, may I read this amendment so that you will all get it, and then I will conclude. At the end of paragraph 2, I would add this: "But this paragraph shall not apply to a producer who does not produce for market during such initial period more than 35 hogs."

The little fellow who produces 35 or less hogs from March to October during the initial period will come in under the benefits of this act, and that will give him time to adjust his business to come in under the act during the next year—that is, the year 1933–34—which begins October 1 next.

Mr. JONES. Will the gentleman yield?

Mr. RAMSEYER. Yes; I yield.

Mr. JONES. He can reduce his marketing tonnage during that period 20 per cent.

Mr. RAMSEYER. Oh, but that is more easily said than done. Here is a man with 20 hogs in his lot. Suppose they are ready for market a week or two after this bill goes into effect; they already weigh more than the hogs he marketed last year, and he is clear out unless he goes into his pigpen and deliberately shoots some of his hogs.

Mr. JONES. There is no question about weight here.

Mr. RAMSEYER. Well, tonnage is weight, is it not?

Mr. JONES. But he does not have to sell his hogs.

Mr. RAMSEYER. Well, he must either sell them or carry them over until October. The Members from the Corn Belt know something about hogs.

Mr. JONES. The gentleman surely does not want to exempt 35 hogs.

Mr. RAMSEYER. Well, what number would the gentleman suggest?

Mr. JONES. I do not know. I am not a hog man.

Mr. RAMSEYER. Then the gentleman should listen to some one who does. I have the figures from the Department of Agriculture, and they are absolutely right. My amendment is based on average hog production on the average-sized farm in the Corn Belt, where hogs are produced.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

The question is on the amendment offered by the gentleman from Iowa [Mr. RAMSEYER].

The question was taken; and on a division (demanded by Mr. JONES) there were ayes 51 and noes 61.

Mr. RAMSEYER. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed Mr. JONES and Mr. RAMSEYER to act as tellers.

The committee again divided; and the tellers reported there were ayes 60 and noes 76.

So the amendment was rejected.

Mr. ANDRESEN. Mr. Chairman, I offer a perfecting amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. ANDRESEN: Page 9, in line 10, insert the following: "(6) In the event that this act is by proclamation of the President, made pursuant to section 28, extended for an additional year with respect to butterfat, no producer who produces for sale more butterfat during any month in the 1934–35 marketing year than was produced for sale by him during the corresponding month of the preceding marketing year shall receive any adjustment certificate under this act for such month."

Mr. ANDRESEN. Mr. Chairman, this amendment is the same amendment that was offered and voted down before, with the exception that we have now removed the objectionable feature as to new producers. The balance of the amendment is the same as the first one read, and provides for a restriction of production as to dairy products, confining them to the same production in the next calendar year that they had in the same months of the preceding year.

Mr. McGUGIN. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN. I yield.

Mr. McGUGIN. As I understand the gentleman's amendment, it will mean that the Secretary of Agriculture will have to do just twelve times as much work in connection with dairying as he will in connection with any other commodity.

Mr. ANDRESEN. Not at all.

Mr. McGUGIN. Because your figures are on a monthly basis instead of a yearly basis.

Mr. ANDRESEN. They secure those figures now every month.

Mr. CHRISTGAU. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN. I yield.

Mr. CHRISTGAU. The increasing number of dairy cows makes it absolutely necessary to have some such limitation.

Mr. ANDRESEN. Certainly. There are more than 21,000,000 dairy cows in the United States at the present time.

Mr. McGUGIN. Mr. Chairman, I have an amendment.

Mr. JONES. Let us see if we can not arrive at some understanding about time.

Mr. McGUGIN. Mr. Chairman, reserving the right to object, I want to call the gentleman's attention to the fact there have been only two amendments, other than committee amendments, presented to this section.

Mr. JONES. There have been three.

Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 16 minutes.

Mr. McGUGIN. Mr. Chairman, I object.

Mr. JONES. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 16 minutes.

Mr. RAMSEYER. Mr. Chairman, I offer an amendment to the motion.

The Clerk read as follows:

Amendment offered by Mr. RAMSEYER: Strike out the figures "16" and insert the figures "30" in lieu thereof.

Mr. McSWAIN. Mr. Chairman, I move as a substitute that debate on this section and all amendments thereto close in 21 minutes. This will give 20 minutes to those who wish to be heard and one minute to the chairman. I wish about three minutes of the twenty.

Mr. McGUGIN. Mr. Chairman, if we are going to be shut off in this way, then the gentleman will have to take the responsibility for it.

Mr. McSWAIN. Does the gentleman from Texas agree to my substitute motion?

Mr. JONES. No; I do not agree unless I can get a general agreement.

The CHAIRMAN (Mr. McCORMACK). The question is on the amendment offered by the gentleman from Iowa to make the time limit 30 minutes.

The question was taken; and on a division (demanded by Mr. WILLIAMSON and Mr. McGUGIN) there were—ayes 45, noes 51.

So the amendment to the motion was rejected.

The CHAIRMAN. The question is on the substitute motion offered by the gentleman from Soutb Carolina.

The substitute motion was agreed to.

The CHAIRMAN. The question is on the motion as amended by the substitute.

The motion, as amended, was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. ANDRESEN].

The amendment was agreed to.

Mr. WILLIAMSON. Mr. Chairman, I offer a perfecting amendment.

The Clerk read as follows:

Amendment offered by Mr. WILLIAMSON: On page 8, line 7, strike out the comma and all of lines 8, 9, 10, and 11 and insert a period.

Mr. WILLIAMSON. Mr. Chairman, I am sorry the debate has been arbitrarily cut off. There are three or four exceedingly important amendments to be offered to this section, which is one of the most important sections in the bill, and we are not going to have an opportunity to discuss them. Everybody knows when an amendment is offered without explanation that it is generally voted down, not upon the merits but simply because there is no discussion, no opportunity to present it.

I am offering to strike out lines 8, 9, 10, and 11, on page 8, so that the man who produces hogs will not be penalized twice. You are penalizing him once by compelling him to reduce his production of hogs by 20 per cent. Then you penalize him again by compelling him to reduce his production of corn 20 per cent before he can get his adjustment certificates on hogs. Why discriminate against the corn grower? They get no compensating advantages. No adjustment certificates are given to them. Not all of them raise hogs and many do not produce enough corn now for the ordinary uses of their farms.

I want to call your attention to the fact that so far as the Middle West is concerned, west of the Missouri River, it will be impossible in most cases for any hog producer to take advantage of this bill. Nine times out of ten he is producing less corn than he normally requires upon the farm. If you are going to say to him that he must reduce his acreage of corn by 20 per cent before he can get his certificates on hogs, this means he can not take advantage of the bill at all and he will be outside of the fence.

It is a foregone conclusion that to a certain extent the adjustment charge is going to reflect back upon the price of hogs at the farm. I think this is conceded by everybody who has studied the bill. It is impossible that we shall be able to maintain a normal price for hogs upon the farm with this kind of a provision. It will not only result in lowering what would otherwise be the normal market price for hogs at the farm but may well result in destroying the present cash market for hogs should the adjustment charge push the price to a point where the cost of pork to the consumer is out of line with the cost of other meats. This means that if a man is not in position to reduce his acreage of corn, which in the Middle West he is not able to do without losing more on corn then he gains on hogs, he will be penalized by a reduced price for the few hogs that he does have upon the farm. It seems to me that there is no question about this, and this provision should go out of the bill.

Another thing, there are tens of thousands of renters scattered all over the country that are under contract to plant a specified number of acres of corn. This is required by the landlord to secure proper rotation of crops and maintain soil fertility, and from the very nature of the situation these can not reduce acreage. The only thing they have to sell is corn, and if you compel them to reduce their acreage of corn because they have a few hogs, you are going to put them out of the running so far as a satisfactory sale of their hogs is concerned. They can not come under the provisions of the bill and they will be compelled to take a reduced price for the hogs they have on their farms.

I can not pursue this question further, because I want to discuss another amendment for fear I may not have time to say anything about it when it is reached.

In case this amendment is voted down I shall offer another amendment to the section now under consideration which provides that the reduction of corn acreage shall exclude corn planted for silage or fodder. Under the bill as it now reads, the planting of corn for silage or fodder is covered with the same restrictions that apply to corn for grain-feeding purposes. Such planting should at least be excluded.

Mr. BURTNESS. Will the gentleman yield there?

Mr. WILLIAMSON. Yes; I yield.

Mr. BURTNESS. My understanding is that the committee assumed, generally, that the word "corn," as used in this connection, is intended to include only matured corn that is to be harvested and would not include silage or corn used for fodder.

Mr. WILLIAMSON. I do not care what they may assume. You are not referring here to matured corn specifically; you are referring to the "acreage of corn" planted and nothing else.

Mr. BURTNESS. I think the gentleman's amendment ought to be adopted; but even if the amendment is not adopted, I do not want any construction to go out to the effect that corn raised only for silage or for fodder purposes is intended to be included under the language that is used in the bill.

Mr. WILLIAMSON. The gentleman knows that if the language is construed literally as it stands in the bill it is going to include the total acreage of corn, no matter what the purpose of planting may be. The matter should not be left to construction. The language should definitely exclude acreage of corn planted for silage or fodder.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Dakota.

The amendment was rejected.

Mr. McSWAIN. Mr. Chairman, I offer an amendment, and ask recognition for three minutes.

The Clerk read as follows:

Amendment offered by Mr. McSWAIN: Page 7, line 12, after the word "wheat," strike out the word "cotton," and in line 16, after the word "area," insert the words "and as to cotton the acreage reduction shall be 50 per cent computed in the same manner as to wheat and tobacco."

Mr. McSWAIN. Mr. Chairman, if this amendment should be adopted and if this bill should become law, there would be great hope for it to confer benefit upon the cotton farmer.

If the bill should become law as written, and require an acreage reduction of only 20 per cent, I confidently make the statement and prediction that the actual production of cotton will not be reduced by one single pound, because the kind of land that will be left out of planting to cotton will be the poorest and least productive of the land; and because of the hope that there will be an increased price for the cotton produced on the 80 per cent planted to cotton, there will be increased production, due to increased fertilization, more intensive cultivation, and better care with respect to the poisoning of boll weevil and other pests. So that the net production on the 80 per cent planted and cultivated will equal what is now, and has been for five years, the average production of the 100 per cent acreage.

Every cotton farmer knows, and everybody that will think one minute on the problem knows, that the hope for permanent relief for the cotton farmer is to get rid of the nine and one-half million bales of carry-over that now confronts him. The nine and one-half million bales is enough cotton to supply the domestic demand and the export demands from this country for the next 12 months. So, if not a single lock of cotton were produced this year, there would be no actual shortage of cotton.

Now, why do not the cotton farmers reduce their production? Every individual is willing to reduce production provided he knows that everybody else will likewise reduce. But since he fears that the other fellow will not reduce, he will not consent to reduce, either. We hold out to him here the inducement that if he will reduce his acreage and thereby, incidentally, reduce his production, by about 25 or 30 per cent, he will have a bonus upon his cotton that is consumed in the United States. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Carolina.

The question was taken, and the amendment was rejected.

Mr. BURTNESS. Mr. Chairman, I have an amendment at the desk.

The Clerk read as follows:

Page 7, line 17, after the figures "1932," change the period to a comma and add the following: "but as to such wheat the adjustment certificate shall be issued only upon the domestic consumption percentage from the 1933-34 marketing year of 80 per cent thereof."

Mr. BURTNESS. Mr. Chairman, this bill of necessity, owing somewhat to circumstances over which no one has control, carries in it a number of discriminations between wheat grown in the winter-wheat area and that grown in the spring-wheat area. The fact that winter wheat to be marketed next season has already been seeded—was, in fact, seeded early last fall—makes it impossible to prevent all these discriminations.

Now, let us understand this. The bill does not and could not require any reduction in the winter-wheat area for this season; but in the spring-wheat area, where we plant in April and compete with winter wheat, we are compelled to reduce the acreage 20 per cent in order to obtain the ratio price next season. We are willing to reduce and as a start must be made some time on some fair basis, we are willing that the winter wheat shall get the benefit for 1933 without reduction. But where we have to reduce 20 per cent and then in turn take our domestic-consumption percentage upon the reduced acreage we are not satisfied with the provisions in this bill. As a fairer proposal I suggest in this amendment simply the proposition that the winter-wheat farmer, without the necessity of reduction, shall for the next marketing season receive the ratio price upon the domestic-consumption percentage upon 80 per cent of the crop he harvests this year. In other words, if the bill had been passed last summer he would undoubtedly have had to reduce his acreage, as we in the Northwest are compelled to do. But he can not do it now, and it seems that he ought not to be permitted to come in and receive the allotment certificate to the full extent of his old acreage. I suggest a certificate for the domestic-allotment percentage upon 80 per cent for the coming year. I believe that is a very fair proposal.

Mr. HOPE. Nature has already reduced production aplenty.

Mr. BURTNESS. Oh, nature by an unprecedented drought killed our production in 1931—we had nothing to sell that year when you people had the finest crop you had had for years. Even in 1930 your wheat was mostly harvested in Kansas and Oklahoma before the drought had any effect upon the rest of the country. Furthermore, we have been reducing acreages, and until the last year the winter-wheat farmers, particularly in Kansas, have condemned such proposal and refused.

It is also true that it is the winter wheat rather than the spring wheat which is exported and which tends to bear down our domestic markets. Without the large exports from the Southwest we would probably always have the full benefit of the tariff reflected into the price for hard spring wheat.

In spite of the temper of the House to consider no amendments, I appeal to your sense of fairness and ask you to consider this one on its merits.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Dakota.

The question was taken; and on a division (demanded by Mr. JONES) there were 32 ayes and 51 noes.

So the amendment was rejected.

Mr. McGUGIN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: Section 8, page 7, subsection 1, in line 10, strike out the word "wheat."

In line 12, strike out the word "wheat."

In line 16, after the word "area," strike out the semicolon and insert a period, then add the following:

"In issuing adjustment certificates for wheat the Secretary of Agriculture shall determine the average amount of acreage of wheat planted in each State for the last five succeeding years. He shall thereupon reduce such average acreage for each respective State 20 per cent. The amount of acreage so left will be the allotable acreage for each respective State. The Secretary of Agriculture shall thereupon notify the governor of each State of the amount of wheat acreage allotted to each State.

"The Secretary of Agriculture shall thereupon determine from statistical information in the office of the Secretary of Agriculture or from any official State agency the wheat acreage in each county for the year of 1927, and he shall thereupon allot in each county that proportion of the total allotment granted to the State in which such county is located which the total wheat acreage of such county in 1927 bore to the total wheat acreage of the State in which it is located in 1927. Then the total amount of allotted acreage assigned to each respective county shall be allotted for individual production to each landowner in such county applying to such county or local agency as may be designated or provided for by the Secretary of Agriculture.

"Such application of each such landowner shall set forth the available acreage which he owns and in which he wishes to plant in wheat. Such local agency or board or agency designated by the Secretary of Agriculture shall have the power to review each application to determine the exact acreage which such application should contain and which is actually available for wheat and subject to be planted in wheat. Such board or local agency shall set a date of not less than 30 days in advance for the closing date for filing of such applications. After such applications have been filed and the local board or agency of the Secretary of Agriculture has determined that such applications are accurate as to the acreage applied for which is available for wheat, the board or agency of the Secretary of Agriculture shall thereupon ascertain the total amount of acreage in said county which has applied for wheat adjustment certificates. The board shall then determine the percentage relationship which the total amount of acreage applied for adjustment certificates bears to the total amount of acreage allotted to such county for adjustment certificates for wheat. Each applicant shall thereupon be issued an allotment certificate in the same percentage of the acres set forth in his application that the total number of applied acres in said county bears to the total number of acres allotted to such county for wheat acreage.

"The adjustment certificates so issued shall run with the land. The adjustment certificate shall belong to the owners of the land and shall pass with transfer of the land: *Provided*, That where such land is operated by a tenant the tenant shall receive the same share of the adjustment certificate that he receives of the crop he produces: *Provided further*, That this paragraph shall not apply to acreage planted to wheat in 1932."

Mr. McGUGIN. Mr. Chairman, I know how utterly impossible it is to present such an amendment as this on the floor of the House, but here is what the facts are. With this bill as you are now allotting it on wheat, you are giving a special privilege to the very class that brought about this overproduction. The last Representative sitting in this House, representing a district east of Hutchinson, Kans., if he takes this bill as it now stands, is penalizing his constituents, who are wheat raisers, and paying a premium to those who brought about this excess acreage. What brought about the excess acreage? The development of thousands of acres of new land by tractor and combine out in the arid sections. These new western wheat producers have increased production as much as 100 per cent over five years ago. You give those producers an allotment certificate based on last year's production, and you are reducing them 20 per cent of a 100 per cent increase in acreage in the last five years. At the same time, all through the country east of Hutchinson, the individual farmer, as a direct result of this increased acreage, has been forced to reduce his acreage, sometimes he has been forced entirely out of business, and now you pass this bounty law, and he will have no acreage on which to base an allotment. If he has any, he will be compelled to reduce his acreage 20 per cent, when he has already been reduced 50 per cent during the past few years. The bill as it now stands will pay a premium to those who brought about the surplus in wheat, and will penalize the poor victims of that surplus. My amendment goes to the land, and it is based on the 1927 crop, and not this last five years of overproduction.

I do not suppose the amendment will pass, but I am not going to sit here idly on this floor and watch the thousands and thousands of wheat farmers in this country who have already suffered from overproduction by those who developed the new land be further crucified by legislative action, while you are paying a legislative premium to those who brought about the overproduction. That is the purpose of

my amendment, and if this bill had been carefully considered even in the Agricultural Committee by some one who knows something about the wheat business instead of the committee's taking a bill written by some college professor without the crossing of a "t" or the dotting of an "i," there would not have been the glaring injustices that are now present in this bill. There is much theory and little barnyard farm sense and justice in it. [Applause.]

The CHAIRMAN. The time of the gentleman from Kansas has expired. The question is on the amendment offered by the gentleman from Kansas.

The amendment was rejected.

Mr. LANKFORD of Georgia. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. LANKFORD of Georgia: Page 9, line 4, after the word "commodity," insert "for export or for sale to be handled in wholesale quantities."

Mr. LANKFORD of Georgia. Mr. Chairman, if I understand the bill correctly as now drawn, whenever, in order to seek these alleged benefits, the farmers in my district reduce their tobacco acreage by 20 per cent, they will not be able to plant that reduced acreage in cotton or in any other commodity which the Secretary of Agriculture may determine is producing a surplus without forfeiting their claims.

I am seeking to amend this so as to allow the farmer who abandons part of his cotton acreage so as to come within this law to be permitted to plant that land in tobacco, provided he, of course, lives up to the law in so far as tobacco is concerned, and also, if he wishes, plant that acreage in corn, provided he does not raise corn for export and provided he does not raise corn to be sold and handled in wholesale quantities. This bill is going to be very hard to administer, and I am of the opinion that my amendment will help it in this respect, because it will allow a man to take part of his land out of tobacco and put it in cotton and yet comply with the terms of the law. It allows a man to take part of his land out of cotton or tobacco and put it in corn or any other commodity, provided he only produces that corn for his own use and produces it to be sold in small quantities and not to be handled in export or in wholesale quantities.

The language which I seek to amend reads as follows:

No adjustment certificates shall be issued in respect of wheat, cotton, or tobacco in any case where reduction of acreage is required by this act if the land representing such reduction is utilized, during the year in respect of which such reduction occurs, for the production of any commodity of which, in the opinion of the Secretary, there is normally produced or is likely to be produced an exportable surplus.

I seek to amend this language so as to make it read as follows:

No adjustment certificates shall be issued in respect of wheat, cotton, or tobacco in any case where reduction of acreage is required by this act, if the land representing such reduction is utilized, during the year in respect of which such reduction occurs, for the production of any commodity for export or for sale to be handled in wholesale quantities of which, in the opinion of the Secretary, there is normally produced or is likely to be produced an exportable surplus.

Mr. Chairman, without the adoption of my amendment or some similar amendment, a farmer in my district might suffer all the burdens sought to be imposed by this bill, make the reduction required by the measure, and then find he was to be denied all benefits because he planted corn or some other product "of which, in the opinion of the Scretary, there is normally produced or is likely to be produced an exportable surplus."

This would be manifestly unfair and lead to all kinds of inequalities and unfair discriminations. This is only one instance of the dangerous and serious provisions contained in this bill. It provides too much bureaucratic control of the affairs of the farmer and average citizen, with little or no real help for our people. But I shall not attempt to discuss all the obnoxious features of the measure at this time.

The most dangerous feature of all is the sales-tax provisions of the measure as set out in sections 10 to 18, inclusive; and I wish at this time to address myself more fully to this part of the bill.

The allotment plan of farm relief is a most excellent idea if stripped of the vicious sales-tax provisions of this bill. To a large extent it is a modification of the contract plan of controlling production, marketing, and prices so long sponsored by me. I regret extremely that a dangerous sales-tax system is sought to be engrafted onto and made a part of the allotment plan.

Mr. Chairman, the allotment plan of farm relief is divisable into two parts—the raising of money for Federal purposes and the appropriation of money by Congress. During this emergency the appropriation of money to pay a bonus to the farmers may be justified. Right or wrong, the emergency is so great that at this time I would vote for such an appropriation. I am not willing, though, to saddle on the farmers and other consumers of farm products the sales-tax provisions of this bill. The poison so far outweighs the sugar that I can not get my consent to force the farmer to swallow this legislative pill. I very much fear the remedy is far worse than the disease.

This bill provides for taxing the farmer to raise money to help the farmer; it seeks to rob his right pocket in order to raise money to pay salaries and other cost and then graciously donate what happens to be left, if any, to the farmer's left pocket. This plan seeks to set up a defective, leaky apparatus to transfuse blood from one of the farmer's arms to his other arm. In the end the farmer will lose more than he will gain. During all this time the farmer is suffering an awful financial affliction, and it will soon be too late to save him.

In a little while Congress will be just as able to help the farmer as Congress is to usher in the resurrection morning and raise the dead by marching through a cemetery.

By this bill Congress seeks to tax the unemployed to help the price of the cotton and tobacco of the cottonless, tobaccoless, moneyless, homeless victims of our brutal Federal land-bank foreclosure program.

It is most inconsistent to tax our people to raise money to loan the farmer to help him produce and at the same time raise money by this vicious tax system to pay to the farmer as a bonus for him not to produce. Billions of dollars have been and are being spent to help the farmer produce; now it is sought to spend billions more to keep him from producing; and it is sought to have the Department of Agriculture ride these horses in opposite directions at the same time. Is Congress to have the Department of Agriculture, at great expense, spend half its time giving the farmers a fatal poison and the other half of its time trying to cure the effects of the poison? Is large production a fatal poison, and can it be cured by such a method?

Is not there something wrong somewhere? Well, what and where is the trouble? Is not Congress ignoring the real troubles and here seeking to cure an evil which is more or less imaginary and of little or no consequence? The trouble is in the lack of proper marketing facilities and not in abundant or so-called overproduction.

Production control is necessary only in so far as it enables the farmers to more fully secure a good market for their product. I doubt there being a real surplus of farm products at this time; the trouble is elsewhere. If we will enable the farmers to control their marketing so as to only offer for sale as much of a particular product as can be absorbed at a fair price and hold the balance until it can likewise be sold for a good price, the so-called overproduction problem will be forever solved. Production is only incidentally involved; the main and only problem is one of marketing.

This bill ignores this most vital question, puts additional handicaps on the farmer's marketing facilities, and seeks to compensate him for present and past wrongs by the questionable, unfair, and dangerous methods provided in this measure.

I would gladly support the payment of the bonus to the farmers as provided in this bill—hoping for the plan to be perfected later—if it was separated from the sales-tax pro-

visions of the measure. This bill seeks to put an additional burden, first, on the farmers' feeble marketing machinery and then on the purchasers and consumers of the farmers' products—all in the name of the farmer and for the alleged purpose of raising money to compensate the farmer. This is an attempt to help the farmer by hurting him. But it is contended that this is help for the farmer and the cost should be borne by the farmer and the products of the farm. This is an expensive and dangerous way of forcing the farmer to ride around a circle and get back where he started in a worse condition than he was when he began.

If this legislation is truly helpful to the farmer it will be of inestimable value to the whole Nation. The Washington Evening Star of the 9th of this month carried an article on the allotment plan of farm relief, in which is epitomized the contentions of the supporters of this bill. From this article I read as follows:

The outstanding quality of the atmosphere in which the bill is pressed is a recognition of the distress of agriculture, coupled with recognition of the effect of depressed farming on the country's whole business structure. This condition is universally admitted, universally deplored. As a result there is a spirit of "we must do something." This spirit is shared by some heads of manufacturing industries. There is more pressure for this bill by business interests than for any other farm bill ever considered. Their theory is that the depression is a vicious circle, and that it may be broken by deliberately putting into the pockets of farmers an increased purchasing power, which, when spent by the farmers, may start the business spiral upward. A metaphor frequently used by business advocates of the measure is that the machinery of business is halted on a "dead center." From this it is argued that some hundreds of millions of dollars added to the purchasing power of farmers may act as a "primer" to start the whole national mechanism of business going again.

Mr. Chairman, the first nine sections of this bill provide for the allotment plan of farm relief, without any method for the raising of the money required for paying the benefits to the farmers. The plan as contained in these sections is either good or it is bad. If it is bad then we certainly should not set up a vicious sales-tax arrangement to raise the money for this evil purpose. If the plan is as good as its proponents claim it is then the money to carry it into effect should come out of the Federal Treasury and not be raised by an obnoxious system as sought to be set up in sections 10 to 18 inclusive.

The extract which I just read from the Evening Star details just how the public feels about the allotment plan, and I concur in most of what the advocates of the allotment plan say about it. I only find myself in disagreement with them when they seek to raise this revenue by a sales tax.

Some will say that for this to be paid out of the Treasury without providing this method of raising the money would get the Budget very much out of balance. This may be true, but it is also true that if this is a proper expenditure then it should be made, and the money for this purpose should be raised in the fairest way possible with the burden to be carried by the whole people benefited. It is said that this legislation will not only help the farmer but will help the whole Nation and all our people. Then let all this money be raised by the methods used and to be used for raising funds for other appropriations.

Mr. Chairman, in addition to the amendment which I have just offered and which I hope will be adopted, it is my purpose at the proper time to move to strike out some of the sections of this bill which set up this obnoxious sales-tax plan, so that the Members may have an opportunity of saying whether they wish these funds raised by a dangerous sales tax or by the ordinary methods of raising revenue. I will not vote for this bill if the sales-tax feature is not stricken out.

Let us perfect this bill so it will be real farm relief and so there will be no doubt about its merits.

The CHAIRMAN. The time of the gentleman from Georgia has expired. The question is on the amendment offered by the gentleman from Georgia.

The amendment was rejected.

Mr. BURTNESS. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. BURTNESS: Page 9, line 7, after the word "may," insert the word "not."

Mr. BURTNESS. Mr. Chairman, I think the chairman of the Agricultural Committee and the other members will readily accept this amendment. The purpose of this section is really for the Secretary to determine what crops may not be planted on the reduced acreages, rather than what may be planted. It is much simpler for him to proclaim that certain crops can not be planted than to try to canvass all of the agricultural possibilities of the country and set out a sort of minor encyclopedia as to what crops may be planted. The amendment does not change the intent, but simplifies and reduces the work of the Secretary in the interest of economic and efficient administration.

Mr. McGUGIN. Why should any of this surplus acreage be planted to anything, if they are making more by reducing it to 80 per cent?

Mr. JONES. The idea is to make this permissive. Under this he may permit a relaxation of the rule if he deems it wise. That is all it means.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Dakota.

The amendment was rejected.

Mr. McGUGIN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: Page 7, line 8, subsection (2), strike out all of subsection (2), the same being from lines 18 to 25.

Mr. McGUGIN. Mr. Chairman, I ask unanimous consent to proceed for 30 seconds.

The CHAIRMAN. Is there objection?

Mr. FULMER. I object.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was rejected.

Mr. WILLIAMSON. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. WILLIAMSON: Page 8, line 11, strike out the period, insert a colon, and add: "*Provided*, That the words 'acreage of corn' shall not be construed to include acreage of corn harvested before maturity for silage or fodder for feeding purposes."

Mr. WILLIAMSON. Mr. Chairman, I ask unanimous consent to proceed for 30 seconds.

The CHAIRMAN. Is there objection?

Mr. RAMSPECK. I object.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Dakota.

The question was taken; and on a division (demanded by Mr. BURTNESS) there were—ayes 40, noes 0.

So the amendment was agreed to.

Mr. McGUGIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: Page 8, section 8, subsection 3, strike out all of subsection 3, the same being lines 1 to 11, inclusive.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Kansas [Mr. McGUGIN].

The amendment was rejected.

The Clerk read as follows:

FAIR-EXCHANGE ALLOWANCE

SEC. 9. (a) The fair-exchange allowance for any commodity shall be the difference between the price received for the commodity by producers at local markets and the fair exchange value for the commodity, as hereinafter determined.

(b) The fair-exchange allowance per unit for each commodity shall be proclaimed by the Secretary of Agriculture on the day following the date of approval of this act. Thereafter the fair-exchange allowance shall be proclaimed at such intervals as the Secretary may from time to time deem necessary to keep in effect a fair exchange allowance which, together with the price received for the commodity by producers at local markets during the last three months for which index numbers are available, will substantially equal the fair exchange value for the commodity.

(c) The fair-exchange allowance shall be determined by the Secretary on the basis of the index numbers for prices as computed and published by the Department of Agriculture.

(d) The fair-exchange allowance specified in the first proclamation for any commodity made by the Secretary under this act shall take effect on the day following the date of approval of this act. The fair-exchange allowance specified in any subsequent proclamation for the commodity shall take effect at such date as is specified in the proclamation.

(e) Except as provided for hogs under subsection (f), the fair exchange value for any commodity shall be an amount that shall bear to the price for all commodities bought by producers during the last three months' period for which index numbers are available, the same ratio as the price for the commodity paid producers at local markets during the base period bore to prices for all commodities bought by producers during such base period. The base period shall be the period commencing September, 1909, and terminating August, 1914.

(f) During the following periods the fair exchange value in case of hogs shall be as follows:

(1) For the period commencing the day following the date of approval of this act and terminating April 30, 1933, 3½ cents a pound.

(2) For the period commencing May 1, 1933, and terminating June 30, 1933, 4 cents a pound.

(3) For the period commencing July 1, 1933, and terminating at the beginning of the 1933–34 marketing year, 4½ cents a pound.

(4) Beginning with the 1933–34 marketing year for hogs, 5 cents a pound plus an additional one-half cent a pound for each 10 points increase that exists in the index number for factory employment over the index number therefor on the date of approval of this act, as published by the Federal Reserve Board, until such time as the fair exchange value for hogs so computed first equals such value as computed under subsection (e).

(5) Thereafter the fair exchange value for hogs shall be computed under subsection (e).

Mr. JONES. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. WARREN, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill H. R. 13991, had come to no resolution thereon.

AGRICULTURAL ADJUSTMENT PROGRAM

Mr. STEVENSON. Mr. Speaker, I present a privileged resolution from the Committee on Printing and ask its immediate consideration.

The Clerk read the resolution, as follows:

House Resolution 347

Resolved, That in accordance with paragraph 3 of section 2 of the printing act approved March 1, 1907, the Committee on Agriculture of the House of Representatives be, and is hereby, empowered to have printed 1,000 additional copies of the hearings held before said committee during the current session relative to "agricultural adjustment program."

The resolution was agreed to.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. STEWART, indefinitely, on account of illness in his family.

To Mr. CORNING, indefinitely, on account of illness.

To Mr. RUDD, indefinitely, on account of illness.

To Mr. HART, indefinitely, on account of illness.

BOARD OF VISITORS, NAVAL ACADEMY

The SPEAKER laid before the House the following appointment:

Pursuant to the provisions of section 1081, title 34, United States Code, the Speaker appoints as members of the Board of Visitors to the Naval Academy the following Members of the House: Mr. BLACK, of New York; Mr. GLOVER, of Arkansas; Mr. FERNANDEZ, of Louisiana; Mr. PARKER of New York; Mr. ENGLEBRIGHT, of California.

REVISION OF BANKRUPTCY LAW (H. DOC. NO. 522)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on the Judiciary and ordered printed:

To the Senate and House of Representatives:

On February 29 last I addressed the Congress on the urgent necessity for revision of the bankruptcy laws, and presented detailed proposals to that end. These proposals were based upon most searching inquiry into the whole subject which had been undertaken by the Attorney General at my direction. While it is desirable that the whole matter should be dealt with, some portions of these proposals as an amelioration of the present situation are proving more urgent every day. With view to early action, the department, committees, and Members of the Congress have been collaborating in further development of such parts of these proposals as have, out of the present situation, become of most pressing need. I urge that the matter be given attention in this session, for effective legislation would have most helpful economic and social results in the welfare and recovery of the Nation.

The process of forced liquidation through foreclosure and bankruptcy sale of the assets of individual and corporate debtors who through no fault of their own are unable in the present emergency to provide for the payment of their debts in ordinary course as they mature, is utterly destructive of the interests of debtor and creditors alike, and if this process is allowed to take its usual course misery will be suffered by thousands without substantial gain to their creditors, who insist upon liquidation and foreclosure in the vain hope of collecting their claims. In the great majority of cases such liquidation under present conditions is so futile and destructive that voluntary readjustments through the extension or composition of individual debts and the reorganization of corporations must be desirable to a large majority of the creditors.

Under existing law, even where majorities of the creditors desire to arrange fair and equitable readjustments with their debtors, their plans may not be consummated without prohibitive delay and expense, usually attended by the obstruction of minority creditors who oppose such settlements in the hope that the fear of ruinous liquidation will induce the immediate settlement of their claims.

The proposals to amend the bankruptcy act by providing for the relief of debtors who seek the protection of the court for the purpose of readjusting their affairs with their creditors carry no stigma of an adjudication in bankruptcy, and are designed to extend the protection of the court to the debtor and his property, while an opportunity is afforded the debtor and a majority of his creditors to arrange an equitable settlement of his affairs, which upon approval of the court will become binding upon minority creditors. Under such process it should be possible to avoid destructive liquidation through the composition and extension of individual indebtedness and the reorganization of corporations, with the full protection of the court extended to the rights and interests of creditors and debtors alike. The law should encourage and facilitate such readjustments in proceedings which do not consume the estate in long and wasteful receiverships.

In the case of individual and corporate debtors all creditors should be stayed from the enforcement of their debts pending the judicial process of readjustment. The provisions dealing with corporate reorganizations should be applicable to railroads, and in such cases the plan of reorganization should not become effective until it has been approved by the Interstate Commerce Commission.

I wish again to emphasize that the passage of legislation for this relief of individual and corporate debtors at this session of Congress is a matter of the most vital importance. It has a major bearing upon the whole economic situation in the adjustment of the relation of debtors and creditors. I therefore recommend its immediate consideration as an emergency action.

HERBERT HOOVER.

THE WHITE HOUSE, *January 11, 1933.*

Mr. LAGUARDIA. Mr. Speaker, I ask unanimous consent to address the House for one minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LAGUARDIA. Mr. Speaker, I think it is well for the House to know in connection with this message from the

President of the United States that the gentleman from Oklahoma [Mr. McKEOWN] and myself have been collaborating for several months on the very subject matter of the presidential message. We have been working under the advice of the chairman of the committee, the gentleman from Texas [Mr. SUMNERS], and a committee meeting has been scheduled for Friday, at which time the bills that are already prepared will be considered by that committee.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. LaGUARDIA. I yield.

Mr. CHINDBLOM. Was the date of that message February of last year?

Mr. LaGUARDIA. What has that got to do with it?

Mr. STAFFORD. Because it reviews the whole subject.

Mr. LaGUARDIA. The message of February had nothing to do with the particular subjects itemized at this time, such as corporate reorganization, railroad reorganization, and amendment of the bankruptcy laws, and providing for extension of indebtedness.

The SPEAKER. The time of the gentleman from New York has expired.

EXTENSION OF REMARKS—FARM RELIEF

Mr. CASTELLOW. Mr. Speaker and Members of the House, I find myself unable to subscribe whole-heartedly to the underlying principles upon which this legislative structure is erected, but a compelling desire to support any measure which possibly might tend to ameliorate the distressing condition of our agricultural classes may induce me, in the absence of any better proposal and as a relief measure, to support this bill.

To be sure the farmer is sorely in need of a substantial increase in the price of his products, but the increase, if it is to be permanent, must be based upon a sound premise and not upon the vagaries of a chimerical scheme. The elevation of this price level must arise from the increase in the ability to buy upon the part of those who to-day stand so pathetically in need of the farmers' wares. As to how this result may be accomplished is a most pertinent question.

To approach the subject intelligently we must first look to the causes of our present situation. To my mind the stress under which our country, if not the world, is laboring at present is not organic but entirely functional, and this functional disturbance is due largely to inactivity upon the part of our mediums of exchange. This, therefore, brings us to a consideration of our mediums of exchange. According to my conclusions we have two—money and commercial paper.

While commercial paper and credits are based upon money, of course, they seem to be more popular as a medium of exchange than money itself.

To money we have given a dual nature, treating it in one instance as purely a medium of exchange, in which capacity we consider it as having no real or intrinsic value but only the representative of value, and as such is expected to earn nothing. Under the other view it is considered and dealt with as property, of itself valuable and capable of producing something likewise of value. This is the view we take of it when we hire or rent it out for compensation in the form of interest. When being treated in this sense it may produce a greater return than the real property, the value of which it is supposed to represent, and in doing so inflation begins and a foundation is laid for future trouble. If we would avoid deflation, depression, and panics, we must fully guard against inflation, and inflation has usually resulted from an unwarranted increase in our commercial paper.

This increase is superinduced by the prospective profits from the use of money treated as a thing of real and intrinsic value and as such placed to work earning rents in the form of interest. As long as it can earn more profit than the real property which it represents it will continue to be so used, and thereby be retired from the field of its primary purpose as strictly a medium of exchange. While its use as property capable of earning should not be entirely eliminated, as, indeed, under our present economic structure, it can not; I contend it should be more restricted and that this could be effected by a legally enforced reduction of its earning capacity reflected in the form of interest. As soon as the earning power of money falls below the earning power of that which it represents it will return actively into circulation by the purchase of that which has a greater earning capacity than itself, and thereby provide a substantial foundation for real improvement in all property values, including agricultural products.

ADJOURNMENT

Mr. STEVENSON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 30 minutes p. m.) the House adjourned until to-morrow, Thursday, January 12, 1933, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Thursday, January 12, 1933, as reported to the floor leader:

RIVERS AND HARBORS

(10.30 a. m.)

Hearings on Ohio projects.

MERCHANT MARINE, RADIO, AND FISHERIES

(10 a. m.)

Continue hearings on S. 4491, to regulate intercoastal carriers.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. CROWE: Committee on Immigration and Naturalization. H. R. 13811. A bill to amend section 23 of the immigration act of February 5, 1917 (39 Stat. 874); without amendment (Rept. No. 1852). Referred to the Committee of the Whole House on the state of the Union.

Mr. McREYNOLDS: Committee on Foreign Affairs. H. J. Res. 536. A joint resolution authorizing an appropriation for participation by the United States in an international monetary and economic conference to be held in London; without amendment (Rept. No. 1853). Referred to the Committee of the Whole House on the state of the Union.

Mr. STEVENSON: Committee on Printing. H. Res. 347. A resolution providing for the printing of 1,000 copies of the hearings relative to "agricultural-adjustment program" (Rept. No. 1854). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. LEA: A bill (H. R. 14176) to withdraw certain public lands from settlement and entry; to the Committee on the Public Lands.

By Mr. FRENCH: A bill (H. R. 14177) authorizing the Secretary of the Interior to enter into a cooperative agreement or agreements with the State of Idaho and private owners of lands in Lemhi County, Idaho, for grazing and range development, and for other purposes; to the Committee on the Public Lands.

By Mr. DYER: A bill (H. R. 14178) to promote travel to and in the United States and its possessions, thereby promoting American business, and to encourage foreign travel in the United States; to the Committee on Interstate and Foreign Commerce.

By Mr. CARTER of Wyoming: A bill (H. R. 14179) relating to labeling petroleum and petroleum products; to the Committee on Interstate and Foreign Commerce.

By Mr. SMITH of Idaho: A bill (H. R. 14180) to extend the provisions of section 201 of the emergency relief and construction act of 1932 to certain self-liquidating projects; to the Committee on Ways and Means.

By Mr. DOUGLAS of Arizona: A bill (H. R. 14181) to provide for the selection of certain lands in the State of Arizona for the use of the University of Arizona; to the Committee on the Public Lands.

By Mr. BRUNNER: A bill (H. R. 14182) to amend section 97 of the Judicial Code, as amended (U. S. C., title 28, sec. 178), to create the northeastern district of New York, and provide for the appointment of a district judge for said district; to the Committee on the Judiciary.

By Mr. LUDLOW: A bill (H. R. 14183) to amend the radio act of 1927, as amended, to require persons using radio sets capable of receiving police broadcasts in vehicles to secure permits for such use; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. GILBERT: A bill (H. R. 14184) to liquidate and refinance agricultural indebtedness and to encourage and promote agriculture, industry, and commerce by establishing a credit system through which farm mortgages may be liquidated and refinanced or refunded at a reduced rate of interest through the Federal reserve banking system and the Federal farm-loan system; to the Committee on Banking and Currency.

By Mr. GRANFIELD: Joint resolution (H. J. Res. 551) authorizing the issuance of a special postage stamp in honor of Calvin Coolidge; to the Committee on the Post Office and Post Roads.

By Mr. FISH: Joint resolution (H. J. Res. 552) authorizing the Attorney General of the United States to investigate the failure of any company or corporation which receives a loan from the Reconstruction Finance Corporation in excess of $50,000; to the Committee on Banking and Currency.

MEMORIAL

Under clause 3 of Rule XXII, a memorial was presented and referred as follows:

Memorial of the Chamber of Deputies of the Republic of Cuba, expressing its most profound grief of the death of ex-President Calvin Coolidge; to the Committee on Memorials.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. AYRES: A bill (H. R. 14185) granting an increase of pension to Florence I. Huss; to the Committee on Invalid Pensions.

By Mr. CRAIL: A bill (H. R. 14186) granting a pension to Bessie Baldwin; to the Committee on Pensions.

By Mr. EVANS of California: A bill (H. R. 14187) granting an increase of pension to Clara T. Hemenway; to the Committee on Pensions.

By Mr. GIFFORD: A bill (H. R. 14188) granting a pension to Mary Banks Fuller; to the Committee on Invalid Pensions.

By Mr. HOGG of Indiana: A bill (H. R. 14189) granting a pension to Flora B. Parker; to the Committee on Invalid Pensions.

By Mr. KENNEDY of Maryland: A bill (H. R. 14190) for the relief of John M. Casserly; to the Committee on Military Affairs.

By Mr. LAMNECK: A bill (H. R. 14191) for the relief of Matt E. Saylor; to the Committee on Claims.

By Mr. LEWIS: A bill (H. R. 14192) granting a pension to Sarah E. Stephens; to the Committee on Invalid Pensions.

By Mr. LUDLOW: A bill (H. R. 14193) granting a pension to Rachel McLain; to the Committee on Invalid Pensions.

By Mr. PURNELL: A bill (H. R. 14194) granting an increase of pension to Margaret J. Shaw; to the Committee on Invalid Pensions.

By Mr. SMITH of Idaho: A bill (H. R. 14195) for the relief of Charles E. Bryant; to the Committee on Military Affairs.

Also, a bill (H. R. 14196) granting an increase of pension to Ella Taylor; to the Committee on Invalid Pensions.

By Mr. SPENCE: A bill (H. R. 14197) granting a pension to Theresa C. Brink; to the Committee on Pensions.

By Mr. THOMASON: A bill (H. R. 14198) for the relief of Earl Smith; to the Committee on Naval Affairs.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9492. By Mr. BACON: Petition of the Woman's Christian Temperance Union of Floral Park, N. Y., and vicinity, favoring the eighteenth amendment; to the Committee on the Judiciary.

9493. By Mr. BLOOM: Petition of the Maritime Association of the Port of New York, protesting against the loaning by the Reconstruction Finance Corporation of the amount of $11,000,000, or any other sum, for carrying out a project for which there is no emergency and no justification, and one which private interests, familiar with shipping conditions, would not momentarily consider as an investment; to the Committee on Banking and Currency.

9494. Also, petition of the Academy Civic Association, of 225 West One hundred and eighth Street, New York City, urging the repeal of the economy act in order to correct the many injustices and inequalities of this law as a step in the direction of restoring national prosperity, relieving stress of unemployment, and as an act of simple justice to our underpaid Government employees; to the Committee on Ways and Means.

9495. Also, petition of the Jamie Kelly Association (Inc.), protesting against any further reductions in Federal salaries; to the Committee on Appropriations.

9496. By Mr. COCHRAN of Pennsylvania: Petition signed by various citizens of Franklin, Pa., urging the passage of the stop-alien representation amendment to the United States Constitution to cut out the 6,280,000 aliens in this country and count only American citizens when making future apportionments for congressional districts; to the Committee on the Judiciary.

9497. By Mr. CONDON: Petition of Bourdon A. Babcock and 88 other citizens of Rhode Island, protesting against any reduction or repeal of existing legislation beneficial to Spanish War veterans, their widows, or dependents; to the Committee on World War Veterans' Legislation.

9498. Also, petition of Adelard Sutherland and 66 other citizens of Rhode Island, protesting against any reduction or repeal of existing legislation beneficial to Spanish War veterans, their widows, or dependents; to the Committee on World War Veterans' Legislation.

9499. Also, petition of Mary M. Murray and 83 other citizens of Rhode Island, protesting against any reduction or repeal of existing legislation beneficial to Spanish War veterans, their widows, or dependents; to the Committee on World War Veterans' Legislation.

9500. By Mr. CRAIL: Petition of approximately 90 members of the American Legion of Los Angeles County, Calif., protesting against the proposed 10 per cent cut in disabled veterans' compensation and favoring the American Legion national legislative program; to the Committee on World War Veterans' Legislation.

9501. By Mr. DELANEY: Petition of the Twin Ports Lodge, No. 12, of the International Shipmasters' Association, protesting against the transfer of the Hydrographic Office from the Department of the Navy to the Department of Commerce, such a transfer being extremely detrimental to the best interests of all shipmasters and owners; to the Committee on Naval Affairs.

9502. Also, petition of 11 metropolitan New York branches of the New York State Retail Meat Dealers Association, urging opposition to any domestic allotment plan which will include hogs; to the Committee on Agriculture.

9503. Also, petition of the New York County Lawyers' Association, disapproving the practice and rules adopted by the judges of the United States District Court for the Southern District of New York, under which the Irving Trust Co., a corporation, has been designated official receiver in bankruptcy and equity suits, and urges the abolishment of said rules; to the Committee on the Judiciary.

9504. By Mr. GARBER: Petition urging enactment of the railway pension bills, S. 4646 and H. R. 9891; to the Committee on Interstate and Foreign Commerce.

9505. Also, petition of the Ohio State chapters of the Railroad Employees' National Pension Association (Inc.), urging enactment of railway pension bills, S. 4646 and H. R. 9891, and expressing opposition to Senate bill 3892 and House bill 10023; to the Committee on Interstate and Foreign Commerce.

9506. Also, petition of the Railway Business Association of Chicago, Ill., indorsing recommendations of the United States Chamber of Commerce in its referendum No. 62, especially those which follow the provisions of House bill 11642; to the Committee on Interstate and Foreign Commerce.

9507. Also, letter from E. I. Rogers, president the Peoria Association of Commerce, Peoria, Ill., urging repeal retroactively of the recapture clause of the transportation act and the modification of the provisions relating to railway valuation; to the Committee on Interstate and Foreign Commerce.

9508. Also, resolution of the National Cooperative Milk Producers' Federation, passed at a special national meeting in Chicago, Ill., January 6, urging inclusion of dairy products in the pending domestic allotment bill (H. R. 13991) for the relief of agriculture; to the Committee on Agriculture.

9509. By the SPEAKER: Petition of the American Historical Association, urging Congress to authorize the continuance of the publication by the United States Government of the official papers of the Territories from which States have been formed, as an important part of the papers of these States and as an important contribution to the understanding of American history; to the Committee on the Library.

9510. By Mr. HARLAN: Petition of Laura C. Harb and other citizens of Preble County, Ohio, urging support of the stop-alien representation amendment to the United States Constitution to count only American citizens when making future apportionments for congressional districts; to the Committee on the Judiciary.

9511. By Mr. KOPP: Petition of Ida B. Hough and other citizens of West Chester, Iowa, urging support of the stop-alien representation amendment to the United States Constitution; to the Committee on the Judiciary.

9512. By Mr. LINDSAY: Petition of New York County Lawyers Association, New York City, opposing the Irving Trust Co.'s monopoly of receiverships; to the Committee on the Judiciary.

9513. Also, petition of Institute of American Meat Packers, Chicago, Ill., opposing House bill 13991, the national emergency act; to the Committee on Agriculture.

9514. Also, petition of George Kramer, of the David Vangelder Executive Committee, New York State Retail Meat Dealers Association, New York City, opposing any domestic allotment plan which will include hogs; to the Committee on Agriculture.

9515. By Mr. MEAD: Petition of the National Wholesale Druggists' Association, advocating the return of the 2-cent postage rate; to the Committee on Ways and Means.

9516. Also, petition of C. A. Finnegan and Thad M. Nowak, of Buffalo, N. Y., proposing a Federal tax law; to the Committee on Ways and Means.

9517. By Mr. RUDD: Petition of 11 metropolitan branches of the New York State Retail Meat Dealers Association, opposing any domestic allotment plan which will include hogs; to the Committee on Agriculture.

9518. By Mr. RICH: Petition of citizens of Williamsport, Pa., favoring the so-called stop-alien representation amendment to the Constitution; to the Committee on the Judiciary.

9519. By Mr. SPARKS: Petition of citizens of Sherman County, submitted by Elmer E. Euwer and signed by 79 others; citizens of Victoria, submitted by B. Anderson and signed by 59 others; and depositors of banks in Lincoln County, submitted by Harve Hartzett and C. E. Myers and signed by 247 others; all of the State of Kansas, requesting repeal of the Federal bank-check tax (sec. 751, F. R. A., 1932); to the Committee on Ways and Means.

9520. By Mr. STEWART: Petition of Union County Organization of the American Legion, Department of New Jersey, petitioning the Congress to provide for the continuing of 48 drills for the United States Naval Reserve and the National Guard during the fiscal year beginning July 1, 1933; to the Committee on Appropriations.

9521. By Mr. STRONG of Pennsylvania: Petitions of Woman's Christian Temperance Union of Corsica, and congregation of the United Presbyterian Church of Blairsville, Pa., favoring the amending of the Constitution of the United States to exclude aliens, and count only American citizens, when making future congressional apportionments; to the Committee on the Judiciary.

SENATE

THURSDAY, JANUARY 12, 1933

(Legislative day of Tuesday, January 10, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. LONG and Mr. FESS rose.

The VICE PRESIDENT. The Senator from Ohio——

Mr. LONG. Mr. President, I have the floor.

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Ohio?

Mr. LONG. Does the Senator wish to suggest the absence of a quorum?

Mr. FESS. Yes.

Mr. LONG. I yield for that purpose.

Mr. FESS. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Johnson	Schuyler
Austin	Cutting	Kendrick	Sheppard
Bailey	Dale	Keyes	Shortridge
Bankhead	Davis	King	Smith
Barbour	Dickinson	La Follette	Smoot
Barkley	Dill	Logan	Steiwer
Bingham	Fess	Long	Swanson
Black	Fletcher	McGill	Thomas, Idaho
Blaine	Frazier	McKellar	Thomas, Okla.
Borah	George	McNary	Townsend
Bratton	Glass	Metcalf	Trammell
Broussard	Glenn	Moses	Tydings
Bulkley	Goldsborough	Neely	Vandenberg
Bulow	Gore	Norbeck	Wagner
Byrnes	Grammer	Norris	Walcott
Capper	Hale	Nye	Walsh, Mass.
Caraway	Harrison	Oddie	Walsh, Mont.
Carey	Hastings	Patterson	Watson
Cohen	Hatfield	Pittman	Wheeler
Connally	Hayden	Reynolds	White
Coolidge	Hebert	Robinson, Ark.	
Copeland	Howell	Robinson, Ind.	
Costigan	Hull	Schall	

Mr. MOSES. I desire to announce that the senior Senator from Pennsylvania [Mr. REED] is absent from the Senate because of illness. I ask that this announcement may stand for the day.

Mr. LA FOLLETTE. I have been requested to announce that the senior Senator from Minnesota [Mr. SHIPSTEAD] is unavoidably absent. I ask that this announcement may stand for the day.

I also desire to announce that the senior Senator from Iowa [Mr. BROOKHART] is detained from the Senate on account of illness.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

SENATOR FROM GEORGIA

Mr. GEORGE. Mr. President, Hon. RICHARD B. RUSSELL, Jr., Senator elect, succeeding the late William J. Harris as a Senator from the State of Georgia, is present in the Chamber and ready to take the oath.

The VICE PRESIDENT. Let the Senator elect come forward and be sworn. The credentials have already been read and placed on file.

Mr. RUSSELL, escorted by Mr. GEORGE, advanced to the Vice President's desk; and the oath having been administered to him, he took his seat in the Senate.

COLUMBIA INSTITUTION FOR THE DEAF

The VICE PRESIDENT. In accordance with section 4863 of the Revised Statutes, the Chair appoints the Senator